

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-	)	DOCKET NO. 900685-WS
assisted rate case in Martin County	)	ORDER NO. 24481
by IBSCO, INC.	)	ISSUED: 5/6/91
_____)		

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
 J. TERRY DEASON  
 BETTY EASLEY  
 GERALD L. GUNTER

FINAL ORDER GRANTING TEMPORARY RATES  
IN EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION ORDER  
APPROVING INCREASED RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein are preliminary in nature, except that portion granting temporary rates in event of protest, and as such, 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.

CASE BACKGROUND

IBSCO, Inc. ("IBSCO" or "utility") is a Class "C" water and wastewater utility located in Martin County. It provides water and wastewater service to an average of 228 residential customers and 115 condominium units. It also provides water to five irrigation customers. The utility began service in 1976, and Order No. 11604, dated February 11, 1983, granted the utility certificates, rates and charges. This order also established water and wastewater rate bases as of February 28, 1981. The Commission authorized the utility's current rates by a 1989 price index and pass-through rate application.

On August 9, 1990, IBSCO, applied for a staff assisted rate case. The application was accepted and October 7, 1990, was established as the official filing date. For purposes of setting rates we have selected the test year ending June 30, 1990.

DOCUMENT NUMBER-DATE  
 04412 MAY-6 1991  
 FPSC-RECORDS/REPORTING

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QUALITY OF SERVICE

A customer meeting was held on March 7, 1991, approximately one half mile from the utility's service area at the Jensen Beach Elementary School, Jensen Beach, Florida. In attendance were approximately 220 customers, 20 of which had general questions and comments, and of those 11 commented about the quality of service provided by the utility.

Water System

The general quality of water appeared to be the problem most uniformly experienced by those who attended the meeting. One customer said that he has had sediment floating in his water on a regular basis, and has to use a reverse osmosis treatment unit in order to drink the water. He was also concerned that the water system could not handle the new homes that are being connected. Another customer indicated that he spent \$2,000 to purify his water. A customer wanted to know what the time frame was to get the water plant up to standards, and another wanted to make sure that the customers were able to drink the water before the rate increase goes into effect. Another customer claimed that the poor condition of the water had ruined his water heater, and that the sediment has collected on his dishes. One customer stated that the water tasted like dirt, and claimed that there was no chlorine in her water. Two other customers claimed the chlorine is too high. One customer complained about pressure problems, and another said that her doctor told her not to drink the water because calcium in the water will cause kidney stones.

In its response to the customers' concerns about hard water, the utility said that there is not a parameter required by the Department of Environmental Regulation (DER) for total hardness in water, and the utility believes that there is no hardness problem. Although we recognize that the quantities of total dissolved solids are probably noticeable to the customers, we do not find it necessary to require the utility to modify the water treatment plant for primarily aesthetic reasons when the costs of such modification would be borne by the ratepayers. Although the water may be unpalatable to some customers, we find that the quality of water meets DER requirements and that plant improvements to improve drinkability would be very costly and therefore, will not be required.

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The utility responded to the chlorine residual problem by initiating a monitoring program which will allow closer scrutiny of the situation. DER previously cited the utility for a problem with inadequate disinfection at the water treatment plant. With the completion of the new 158,000 gallon ground storage tank planned by the utility, and the utility's monitoring program, this problem should be adequately resolved.

The utility indicated that the normal water pressure is between 45 pounds per square inch (psi) and 64 psi. However, low pressure is experienced occasionally, especially during dry weather conditions when there is heavy lawn irrigation. The utility plans to increase its storage capacity and high service pumping capabilities by installing the new ground storage tank discussed above. We believe the planned improvements should alleviate the pressure complaints. Further, we find that these improvements should be completed within six months of the issuance of this Order.

#### Wastewater System

Wastewater customers complained about odor emanating from the wastewater treatment plant. The utility explained that it is unrealistic to believe that there will never be odor from the plant. Normal operations such as wasting and dewatering sludge cause slight odors. Also, odors can be expected during times of unforeseeable plant upsets. The utility believes that the plant is being operated properly, and does not plan to make any adjustments.

Operating records of the utility show that wastewater is consistently being treated within the standards set by the DER. Although still noticeable, the odors that the customers complain about can be considered those of a normally operating plant. There appear to be no actual problems that can be specifically identified. The treatment plant is located too close to the residential area to prevent some odor problem. The cost of moving the facility to a more remote location would be prohibitive.

Another problem related to the wastewater treatment plant which customers raised is noise. When asked to respond, the utility said that it has always been sensitive to controlling noise. As in the odor situation, the location of the plant is a critical component of the problem. However, a recent fire at the wastewater treatment plant destroyed much of the existing

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mechanical equipment, and the utility has indicated that it considered the noise problem when it purchased replacement equipment. Improvements in the noise level should be noted by the customers when the new equipment is placed in service. The utility should complete those improvements within six months of issuance of this Order.

Several customers commented about recent fish kills in a holding pond for which they believed the utility was responsible. The utility responded by saying that the fish kills occurred in a stormwater retention pond, and were not related to utility operations. The Martin County Health Department had investigated the situation, and found no evidence of wrong doing by the utility.

As discussed above, improvements are planned at both the water and wastewater treatment plants. The pressure and chlorination situations should improve with the installation of increased ground storage tank capacity at the water treatment plant. At the wastewater treatment plant, noise should be reduced with the installation of replacement equipment as a result of a recent fire. Due to the close proximity of the wastewater treatment plant to the residential area, odor complaints are to be anticipated from time to time. In consideration of the foregoing, we find that the utility's quality of service is satisfactory.

#### RATE BASE

Our calculation of the appropriate rate bases for the purpose of this proceeding is depicted on Schedule No. 1, and our adjustments are itemized on Schedule No. 1-A. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

#### Used and Useful

Although the water treatment plant has a pumping capacity of 432,000 gallons per day (gpd), DER has rated the plant capacity at 200,000 gpd due to the plant's limited storage capability. Since the maximum daily flows of 270,000 gpd have exceeded the current DER rated capacity, we find the water treatment plant is 100 percent used and useful.

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The utility plans to install a 158,000 gallon ground storage tank, at a cost of \$67,737. This tank is not only sized to accommodate the existing customers, it will also handle the needs of planned development within the service territory. A 10,000 gallon tank was determined by the utility's engineer as being necessary to serve the existing connections. To arrive at the used and useful percentage of the proposed storage tank, we divide the 10,000 gallons necessary by the 158,000 gallons proposed to be installed. The quotient is .063. We therefore find that the proposed storage tank will be 6.3 percent used and useful.

To arrive at the used and useful percentage of the water distribution system, we divide the sum of the 344 test year equivalent residential connections (ERCs) and the 45 ERCs in the margin reserve by the 413 ERCs connection capacity of the plant. The quotient is 94. We therefore find that the water distribution system is 94 percent used and useful.

To arrive at the used and useful percentage of the wastewater treatment plant and disposal facilities, we divide the sum of the 61,000 gpd average daily flow and the 9,045 gpd margin reserve by the 220,000 gpd capacity of the plant. The quotient is .35. We therefore find that the wastewater treatment plant and disposal facilities are 35 percent used and useful.

To arrive at the used and useful percentage of the wastewater collection system, we divide the sums of the 304 test year connections and the 45 ERCs in the margin reserve by the 373 ERCs capacity of the collection system. The quotient is .94. We therefore find that the wastewater collection system is 94 percent used and useful.

The percentages of used and useful apply only to plant as it existed at the beginning of the test year. The plant replacements and improvements made during the test year are considered 100 percent used and useful. No used and useful plant adjustments were made in the rate base calculation because the used and useful plant balances at the beginning of the test year were offset by contributions-in-aid-of-construction (CIAC); non-used and useful plant was also offset by non-used and useful CIAC.

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### Land

Order No. 11604, issued February 11, 1983, established the original cost of land for the water and wastewater treatment plants of \$805 and \$12,865, respectively. The audit for this case revealed that the land was owned by the utility's developer affiliate, C & D Contractors, Inc. The utility was informed of our practice requiring utilities to own or have a long-term lease for the sites of treatment plants. The utility has since obtained ownership of the land by Quit Claim deed. We find that the original cost amounts as determined in Order No. 11604 in the calculation on water and wastewater rate bases are appropriate and we will make no changes to them.

### Plant-in-Service

We excluded from the water rate base \$63,470, the non-used and useful portion of the ground storage tank. We increased the wastewater plant by \$28,250 to include the replacement cost of an uninsured blower and control panel destroyed by a fire on February 6, 1991. Since all plant at the beginning of the test year was offset by CIAC, we adjusted plant, CIAC, accumulated depreciation and CIAC amortization in retiring the fire-damaged plant. Having made adjustments for average balances, we find the appropriate plant-in-service amounts are \$349,517 for the water system and \$400,437 for the wastewater system.

### CIAC

Lack of proper bookkeeping prevented us from making an accurate determination of CIAC. Thus, we have determined the appropriate balances of CIAC to be \$266,725 for the water system and \$337,610 for the wastewater system, which are the amounts of CIAC that offset plant at the beginning of the test year.

### Working Capital

We find it appropriate to use the formula method (one-eighth of operation and maintenance expenses) for calculating the working capital requirement of this utility. In a later section of this Order, we find that the proper amounts of test year operating and maintenance expenses are \$58,177 for water and \$63,342 for wastewater. Therefore, we have included one-eighth of those

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amounts, \$7,272 and \$7,917, respectively, in the water and wastewater rate bases as the proper working capital allowances.

Test Year Rate Bases

In consideration of the foregoing, we find that the test year rate bases are \$22,517 for the water system and \$52,006 for the wastewater system.

COST OF CAPITAL

Our calculation of the appropriate cost of capital, including our adjustments, is depicted on Schedule No. 2.

Return on Equity

IBSCO has a negative equity balance. However, it has notes payable to affiliates, which are not being serviced. We find it appropriate to treat these notes as equity investments by the affiliates in the utility.

Overall Rate of Return

The utility's capital structure is comprised of 100 percent common equity. Using the leverage formula from Order No. 24246, we find the appropriate return on equity and to be 11.22 percent with a range from 10.22 to 12.22 percent. We find the appropriate overall return on equity to be 11.22 percent.

NET OPERATING INCOME

Our calculation of net operating income is depicted on Schedule No. 3, and our adjustments are itemized on Schedules Nos. 3-A and 3-B. Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Test Year Revenue

The utility recorded \$54,435 in test year revenue for the water system and \$38,660 in test year revenue for the wastewater system. We reduced test year revenue by \$1,660 and \$4,599

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respectively in order to match the utility's presently authorized rates to the test year billing analysis.

Operating and Maintenance Expense (O & M)

We have reviewed the utility's expense accounts for proper amounts, periods, and classifications. We made adjustments to reclassify certain expenses, to reflect certain allowances necessary for plant operation, and to reflect certain disallowances. A summary of our adjustments follows.

We find the utility's test year salaries expense to be excessive. Therefore, we adjusted the amounts for water and wastewater salaries expense. To compensate the utility owners for the responsibility they have to manage the utility, we included a management fee, based on \$750 per month for the water system and \$250 per month for the wastewater system, in salaries expense. We removed the test year management fee of \$3,900 from both water and wastewater expenses since it was misclassified as a contractual service. We determined that the proper amount of salaries to allocate from the utility's affiliates to the utility was \$9,750 and \$3,250 for water and wastewater, respectively.

We also adjusted purchased power by (\$5,048) and \$1,154, respectively, to properly reflect the usage for the water and wastewater plants. After the fire discussed previously, the utility obtained property insurance at an annual cost of \$4,697. We find this amount to be reasonable and therefore approve it.

Based on the adjustments and reclassifications we have made, we find the appropriate level of O & M to be \$58,177 and \$63,342 for the water and wastewater systems, respectively.

Revenue Requirement

Based upon our review of the utility's books and records and based upon the adjustments discussed above, we find that the appropriate annual revenue requirements for this utility are \$75,997 for the water system and \$79,512 for the wastewater system. These revenue requirements represent an annual increase in revenue of \$23,222 (44 percent) for the water system and \$45,451 (133 percent) for the wastewater system. This will allow the utility to recover its operating expenses and will allow it the opportunity to earn a 11.22 percent return on its investment.



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RATES AND CHARGES

Monthly Rates

The utility currently employs a flat rate structure with a gallonage charge. Our preferred rate structure is the base facility charge (BFC) rate structure. The BFC rate structure allows the utility to more accurately track its costs and allows the customers to have some control over their bills. Each customer pays for his or her pro rata share of the fixed costs necessary to provide utility service through the base facility charge and pays for his or her usage through the gallonage charge. Accordingly, we find that the utility's rate structure should be changed to the BFC rate structure.

We have calculated new rates for the utility which are designed to allow it to achieve the revenue requirement approved herein. We find that these new rates are fair, just, and reasonable, and are not unduly discriminatory. The utility's existing rates and the rates which we hereby approve are set forth below for comparison.

WATER

Schedule of Current and Approved Rates

Monthly Rates

Residential and General Service

<u>Base Facility Charge</u>	<u>Current</u>	<u>Commission</u>
<u>Meter Size</u>		<u>Approved</u>
5/8" x 3/4"	\$ 6.16	\$ 5.97
1"		14.92
1-1/2"		29.84
2"		47.76
3"		95.52
4"		149.25
6"		298.50
 <u>Gallonage Charge</u>		
per 1,000 gallons	\$ 0.70	\$ 1.27

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SEWER

Schedule of Current and Approved Rates

Monthly Rates

Residential Service

Current

Flat Rate \$ 10.21

Approved

Base Facility Charge

All Meter Sizes \$ 7.15

Gallonage Charge  
per 1,000 gallons \$ 1.68  
(10,000 gallons max.)

General Service

Current

Flat Rate \$ 10.21

Approved

Base Facility Charge

Meter Size

5/8" x 3/4"	\$ 7.15
1"	17.87
1-1/2"	35.74
2"	57.20
3"	114.40
4"	178.75
6"	357.50

Gallonage Charge  
per 1,000 gallons \$ 1.68

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The rates approved above shall be effective for meter readings taken on or after thirty (30) days after the stamped approval date on the revised tariff sheets. The utility shall submit revised tariff sheets reflecting the approved rates along with a proposed customer notice listing the new rates and explaining the reasons therefor. The revised tariff sheets will be approved upon our staff's verification that the tariff sheets are consistent with our decision herein and that the proposed customer notice is adequate.

Miscellaneous Service Charges

Currently, the utility's tariffs have no provision for miscellaneous service charges. The miscellaneous service charges set forth below, which we hereby approve, are designed to defray the costs associated with each of the services provided and place the responsibility of the costs on the person creating it rather than on the ratepaying body as a whole.

<u>Type of Service</u>	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$15.00	\$15.00
Normal Connection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual Cost
Premises Visit	\$10.00	\$10.00

When both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple action.

For clarification a description of each type of service follows:

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 account at a previously served location, or reinstatement of service after a customer-requested termination.

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Violation Reconnection - This charge would be levied before 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 (instead of disconnection) - This charge would be levied when a service representative visits the premises for the purposes of stopping service for non-payment of a due and collectible bill and does not stop service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The miscellaneous service charges approved above will be effective for service rendered on or after the stamped approval date on the revised tariff pages.

Service Availability Charges

CIAC for IBSCO is 71 percent of net plant for the water system and 89 percent of net plant for the wastewater system. Therefore, we find it appropriate to eliminate the present water and wastewater service availability charge of \$700 per ERC. However, we find it appropriate to authorize a meter installation charge of \$125. Such charge recovers the cost of a new meter and its installation and places the responsibility for that charge on the customer creating it. The service availability charges approved herein shall be effective for meter installations on or after the stamped approval date on the revised tariff pages.

Temporary Rates in the Event of Protest

This Order proposes an increase in water and wastewater rates. A timely protest could delay what may prove to be a justified rate increase pending the completion of a formal hearing and issuance of a final order, thus resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event that a timely protest is filed by anyone other than the utility, we hereby authorize the utility to collect the rates approved herein, on a temporary basis, subject to refund, provided that the utility furnishes adequate security for a potential refund through a bond, letter of credit, or escrow account.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$32,000. If the security

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provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written agreement. Any withdrawals of funds from this escrow account are subject to the prior approval of this Commission through the Director of the Division of Records and Reporting. The escrow account is established by the direction of this Commission for the purpose set forth above. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

The utility must keep an accurate and detailed account of all monies received as a result of its implementing the temporary rates, specifying by whom or on whose behalf such amounts were paid. By the twentieth day of the month for each month that the temporary rates are in effect, the utility shall file a report showing the amount of revenues collected pursuant to the implementation of the temporary rates and the amount of revenues that would have been collected under the prior rates. Should a refund be required, the refund shall be undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of IBSCO, Inc. for an increase in its water and wastewater rates and charges in Martin County is approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the body of this Order and in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that all of the provisions of this Order, except for the granting of temporary rates in the event of protest, are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of the Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

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ORDERED that IBSCO, Inc. is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

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

ORDERED that the service availability charges approved herein shall be effective for connections made on or after the stamped approval date on the revised tariff pages. It is further

ORDERED the miscellaneous service charges approved herein shall be effective for services rendered on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, IBSCO, Inc. shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be approved upon Staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, IBSCO, Inc. shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon Staff's verification that the pages are consistent with our decision herein and that the protest period has expired. It is further

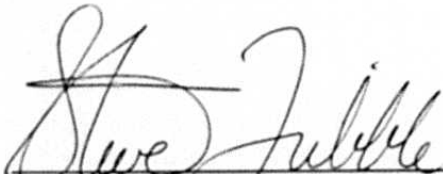
ORDERED that in the event of a protest by any substantially affected person other than the utility, IBSCO, Inc. is authorized to collect the rates approved herein on a temporary basis, subject to refund in accordance with Rule 25-30.360, Florida Administrative Code, provided that IBSCO, Inc. has furnished satisfactory security for any potential refund and provided that it has submitted and Staff has approved revised tariff pages and a proposed customer notice. It is further

ORDERED that this docket will shall remain open to monitor installation of improvements after which this docket may be closed administratively.



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By ORDER of the Florida Public Service Commission, this 6th  
of MAY, 1991.

  
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STEVE TRIBBLE, Director,  
Division of Records and Reporting

(S E A L)

CB

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 approving increased 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

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Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 28, 1991. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 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.

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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IBESCO, INC.  
WATER RATE BASE  
TEST YEAR ENDED 6/30/90

SCHEDULE NO. 1(a)  
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	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 286,461	\$ 63,056	\$ 349,517
LAND/NON-DEPRECIABLE ASSETS	0	805	805
NON-USED AND USEFUL PLANT	0	(63,470)	(63,470)
ADVANCES FOR CONSTRUCTION	0	0	0
C.W.I.P.	0	0	0
C.I.A.C.	0	(266,725)	(266,725)
ACCUMULATED DEPRECIATION	(81,049)	4,732	(76,317)
NET ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF C.I.A.C.	80,969	(9,534)	71,435
WORKING CAPITAL ALLOWANCE	0	7,272	7,272
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RATE BASE	\$ 286,381	(263,864)	22,517
	=====	=====	=====

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IBESCO, INC.  
SEWER RATE BASE  
TEST YEAR ENDED 6/30/90

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	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
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UTILITY PLANT IN SERVICE	\$ 386,621	\$ 13,816	\$ 400,437
LAND/NON-DEPRECIABLE ASSETS	0	12,865	12,865
PLANT HELD FOR FUTURE USE	0	0	0
NON-USED AND USEFUL PLANT	0	0	0
CUSTOMER ADVANCES	0	0	0
C.I.A.C.	0	(325,929)	(325,929)
ACCUMULATED DEPRECIATION	(118,722)	13,334	(105,388)
NET ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF C.I.A.C.	75,658	(13,554)	62,104
WORKING CAPITAL ALLOWANCE	0	7,917	7,917
	-----	-----	-----
RATE BASE	\$343,557	(\$291,551)	\$52,006
	=====	=====	=====

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SCHEDULE NO. 1(b)  
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IBSCO, INC.  
TEST YEAR ENDS 6/30/90  
ADJUSTMENTS TO RATE BASE

	WATER	SEWER
1. UTILITY PLANT IN SERVICE		
a.) Includes plant for reservoir and meters per staff engineer	\$69,215	\$0
b.) Reflects average balance	(6,159)	(2,753)
c.) Replace fire-damaged plant		28,250
d.) Retire fire-damaged plant		(11,681)
TOTAL ADJUSTMENT	\$63,056	\$13,816
2. LAND		
Includes original cost of land	\$805	\$12,865
3. NON-USED AND USEFUL PLANT		
Excludes non-used and useful reservoir capacity (\$63,470)		
4. CONTRIBUTIONS IN AID OF CONSTRUCTION		
a.) Retires CIAC with fire-damaged plant		\$11,681
b.) Includes staff-calculated CIAC	(\$266,725)	(337,610)
	(\$266,725)	(\$325,929)
5. ACCUMULATED DEPRECIATION		
a.) Retirement of fire-damaged plant		\$4,681
b.) Includes depreciation on required additions	(\$1,133)	0
c.) Reflects average balance	5,865	8,653
TOTAL ADJUSTMENT	\$4,732	\$13,334
6. ACCUMULATED AMORTIZATION OF CIAC		
a.) Retirement of fire-damaged plant		(\$4,681)
b.) Reflects average balance	(\$9,534)	(8,873)
	(\$9,534)	(\$13,554)
7. WORKING CAPITAL		
Includes 1/8 of O & M expenses as an allowance for working capital	\$7,272	\$7,917

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IBESCO, INC.  
CAPITAL STRUCTURE  
TEST YEAR ENDED 6/30/90

SCHEDULE NO. 2  
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	TEST YEAR BALANCES	COMMISSION ADJUSTMENTS TO BAL.	BALANCE PER COMMISSION	PERCENT OF TOTAL	WEIGHTED COST	WEIGHTED COST
LONG TERM DEBT	\$0	\$0	\$0	0.00%	0.00%	0.00%
SHORT TERM DEBT	0	0	\$0	0.00%	0.00%	0.00%
COMMON EQUITY	0	74,523	\$74,523	100.00%	11.22%	11.22%
CUSTOMER DEPOSITS	0	0	\$0	0.00%	0.00%	0.00%
TOTAL	\$0	\$74,523	\$74,523	100.00%		11.22%

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IBSCO, INC.  
WATER OPERATING STATEMENT  
TEST YEAR ENDING 6/30/90

SCHEDULE NO.3(a)  
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	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS TO UTIL.BAL.	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUES	\$54,435	(\$1,660)	\$52,775	\$23,222	\$75,997
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	65,089	(6,912)	58,177	0	58,177
DEPRECIATION	0	786	786	0	786
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	13,464	0	13,464	1,044	14,508
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$78,553	(\$6,126)	\$72,427	\$1,044	\$73,471
OPERATING INCOME/(LOSS)	(\$24,118)	\$4,466	(\$19,652)	\$22,178	\$2,526
RATE BASE	\$286,381		\$22,517		\$22,517
RATE OF RETURN	-8.42%		-87.28%		11.22%

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IBSCO, INC.  
 SEWER OPERATING STATEMENT  
 TEST YEAR ENDING 6/30/90

SCHEDULE NO.3(a)  
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	TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS TO UTIL.BAL.	COMMISSION ADJUSTED TEST YEAR	COMMISSION ADJUSTMENT FOR INCREASE	BALANCE PER COMMISSION
OPERATING REVENUES	\$38,660	(\$4,599)	\$34,061	\$45,451	\$79,512
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	78,901	(15,559)	63,342	0	63,342
DEPRECIATION	0	3,060	3,060	0	3,060
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	5,229	0	5,229	2,045	7,274
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$84,130	(\$12,499)	\$71,631	\$2,045	\$73,676
OPERATING INCOME/(LOSS)	(\$45,470)	\$7,900	(\$37,570)	\$43,406	\$5,836
RATE BASE	\$343,557		\$52,006		\$52,006
RATE OF RETURN	0.00%		-72.24%		11.22%



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SCHEDULE NO. 3(b)

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IBSCO, INC.

TEST YEAR ENDS 6/30/90

ADJUSTMENTS TO OPERATING STATEMENT

	WATER	SEWER
	-----	-----
1. OPERATING REVENUE		
States annual revenue at present rates	(\$1,660)	(\$4,599)
	=====	=====
2. OPERATING AND MAINTENANCE EXPENSES		
a.) Allocates salaries from affiliate to utility and includes management fee	(\$1,487)	(\$13,987)
b.) Adjusts purchased power per engineer	(5,048)	1,154
c.) Removes management fee	(3,900)	(3,900)
d.) Add property insurance expense	3,523	1,174
	-----	-----
TOTAL ADJUSTMENT	(\$6,912)	(\$15,559)
	=====	=====
3. DEPRECIATION		
Reflects depreciation at 4.07% rate for water and 4.11% rate for sewer	\$786	\$3,060
	=====	=====
5. OPERATING REVENUE		
Increases revenue to allow a 11.22% return on rate base	\$23,222	\$45,451
	=====	=====
6. TAXES, OTHER		
Matches Regulatory Assessment Fees to increase in revenue	\$1,044	\$2,045
	=====	=====