

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a ) DOCKET NO. 920302-SU  
staff-assisted rate case in ) ORDER NO. PSC-92-1362-FOF-SU  
Lee County by GUMBO LIMBO ) ISSUED: 11/24/92  
ENTERPRISES. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
BETTY EASLEY  
LUIS J. LAUREDO

ORDER GRANTING TEMPORARY RATES IN  
THE 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 action discussed herein, except for the granting of temporary rates and a surcharge, subject to refund, in the event of a protest, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Gumbo Limbo Enterprises (Gumbo Limbo or utility) is a Class C wastewater facility located on Sanibel Island in Lee County, Florida. Gumbo Limbo was granted Certificate No. 293-S by Order No. 9917, issued March 31, 1981. On April 2, 1992, Gumbo Limbo applied for staff assistance. The utility paid the appropriate filing fee. The official filing date is June 1, 1992. The test year for this case is the historical test year ended March 31, 1992. The utility served 93 wastewater customers during the test year.

On July 7, 1988, the utility's owner notified the Commission of his intent to abandon the utility. On September 1, 1988, pursuant to a petition by Lee County, the Circuit Court appointed a receiver to operate the utility. By Order No. 20281, issued November 7, 1988, the Commission recognized the abandonment and the appointment of a receiver.

DOCUMENT NUMBER-DATE

10010 NOV 24 1992

FPC-RECORDS/REPORTING

On June 17, 1992, Commission Staff met with representatives of the City of Sanibel in order to discuss interconnection of the Gumbo Limbo customers with the City's wastewater system. The City plans to interconnect with Gumbo Limbo's customers as soon as the City's wastewater mains can be extended to the area. City officials estimate that interconnection may take place by December 1993. In the interim, the utility is operating at a considerable deficit and certain collection system improvements must be made before the City will take over the lines.

#### QUALITY OF SERVICE

A customer meeting was held at the Sanibel Community Church Fellowship Hall, in Sanibel Island, Florida, on September 3, 1992. Four customers attended the meeting. The customers did not express any negative comments concerning the quality of service of the utility. The Commission evaluates three separate components of wastewater utility operations in the quality of service determination: (1) quality of utility's product (wastewater service), (2) operational conditions of utility's plant or facilities, and (3) customer satisfaction.

One customer testified about the abandonment statute, Section 367.165, Florida Statutes. Another customer expressed the same concerns and testified that Section 367.165, Florida Statutes, makes abandonment of a utility too simple.

The utility is currently operating without a permit. The utility was out of compliance with the Department of Environmental Regulation (DER) at the time of the transfer and was under a Notice of Violation. On August 30, 1990, the utility was issued a Temporary Operating Permit that expired on June 1, 1991, without satisfaction. On July 3, 1991, DER met with the receiver to discuss the utility's lack of compliance and the potential parameters of a Consent Order. As a result of that meeting, DER granted an extension of time, until September 4, 1991, for the utility to submit an application for a construction permit to correct the deficiencies. No application was received and on April 15, 1992, DER issued the Consent Order with specific dates to complete certain action. To date, this Order has not been complied with. Such noncompliance continues to prevent the utility from obtaining an operating permit. Plant capacity is 10,000 gallons per day (gpd). Flows reaching the plant during the test year have averaged 31,000 gpd. These flows exceed the capacity of the plant and the percolation ponds.

The utility has only one pump in each lift station. Therefore, the potential for periodic backups or lift station overflows exists. This has caused the aeration chambers at the plant to spill over and the percolation ponds to exceed their approved capacity.

In 1988, DER ordered the utility to clear all trees and vegetation from the percolation ponds, and to provide a pressurized potable water tap. The potable water tap is currently in place. Our engineer prepared a report during the abandonment proceeding that concurred with DER and listed several additional deficiencies. The plant was grossly undersized, the plant site and percolation ponds were filled with pine trees and other vegetation, the collection system had serious infiltration problems, both of the lift stations needed backup pumps, the wetwell covers needed sealing, and the panels for each lift station needed rewiring. It was estimated that these improvements would cost \$88,100. This total included \$50,000 for treatment. However, expansion of the treatment plant is no longer possible because some of the land has been sold in a bid auction, as discussed later in this Order. The receiver never applied for rate relief and many of the improvements still need to be made. A TV inspection of the lines was completed. It was done as a result of a cable company accidentally cutting the utility's laterals. The receiver is currently suing for recovery of that cost. Therefore, the costs for both of these items have been removed from the improvement cost estimate.

Based on the facts stated above, we find that the quality of service of Gumbo Limbo Enterprises is unsatisfactory. Therefore, the utility is ordered to complete the following improvements, which total \$21,668:

Initial removal of vegetation	\$ 4,070
Collection line repair	\$ 6,441
Backup pumps	\$ 3,022
Wetwells and control panels rehabilitation	\$ 8,135

RATE BASE

Our calculation of the appropriate rate base 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

The wastewater treatment plant has a treatment capacity of 10,000 gpd. After repairs were made, the highest five-day average of daily flows during the test year was 31,000 gpd. Using the used and useful formula, our calculation indicates that the used and useful portion of plant is 100 percent. Therefore, we find that the wastewater treatment plant is 100 percent used and useful.

The wastewater collection system has a proposed capacity of 117 ERCs. The average number of test year connections is 92 ERCs. The margin reserve for this system is 1.5 ERCs. The 92 ERCs added to the margin reserve amount divided by the capacity (117) yields a used and useful calculation of 79.91 percent. The one exception to this is the services account which is 100 percent used and useful. Therefore, we find that the collection system is 79.91 percent used and useful, except for account number 363, which is 100 percent used and useful.

#### Land Value

In Order No. 20281, the Commission found that the value of the utility's land was \$11,619 at the time the utility was abandoned. The former owner of the utility never transferred the land on which the wastewater treatment plant sits into the utility's name. Further, the former owner never paid the property taxes. When the utility was placed in receivership, two lots were identified as utility land, lots 28 and 29. Lot 28 was sold on May 21, 1991, in a bid auction for unpaid taxes. Lot 29, the parcel of land on which most of the plant sits, is still in the former owner's name. Since the land is not owned by the utility, land value has not been included in rate base.

#### Plant Held for Future Use

Plant held for future use has been calculated based on the non-used and useful percentages of plant net of accumulated depreciation. The reduction made to rate base for plant held for future use is \$5,471.

#### Contributions-in-Aid-of-Construction (CIAC)

Order No. 20281 reflected a CIAC balance of \$73,900. To reflect CIAC additions during the test year, we have increased this amount by \$500. We have imputed CIAC associated with margin reserve in the amount of \$1,000. No averaging adjustment is necessary.

#### Accumulated Depreciation

The utility's books did not reflect any record of accumulated depreciation at the end of the test period. Order No. 20281 established accumulated depreciation as of June 30, 1988, at \$29,876. Pre-test year and test year additions to accumulated depreciation total \$10,785. An averaging adjustment of \$1,438 reduces the balance.

#### Accumulated Amortization

Amortization of CIAC has been calculated following the guidelines of Rule 25-30.140, Florida Administrative Code. Accumulated amortization of CIAC as of June 30, 1988, was \$19,487. Pre-test year and test year additions to accumulated amortization of CIAC total \$11,989. An averaging adjustment of \$1,599 reduces the balance. Amortization associated with one year's margin reserve CIAC is \$43.

#### Working Capital

This utility has never had a rate case. It is Commission practice in such instances to utilize the formula method to calculate working capital. Therefore, we find it appropriate to use the formula method, in calculating the working capital requirement of this utility or one-eighth of operation and maintenance expenses. In a later section of this Order, we find that the appropriate operation and maintenance expense is \$20,787. Therefore, we have included one-eighth of that amount, \$2,598, in rate base as the utility's working capital allowance.

#### Test Year Rate Base

Based on the foregoing, the test year rate base amount is negative \$20,675. However, in accordance with Commission policy, we have increased rate base to \$0.

#### CAPITAL STRUCTURE

The utility's capital structure includes only negative retained earnings. Thus, the leverage formula approved by Order No. PSC-92-0686-FOF-WS, issued July 21, 1992, to calculate a return on equity cannot be used. In order to reconcile capital structure to rate base, we have increased the negative retained earnings to zero. Because the utility's rate base and capital structure are zero, the utility's rate of return is zero. Capital structure and the overall rate of return are shown on Schedule No. 2.

### NET OPERATING INCOME

Our calculations of net operating income are depicted on Schedule No. 3, and our adjustments are itemized on Schedule No. 3-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.

#### Test Year Operating Revenues

The utility recorded revenues of \$12,168. A revenue check shows that the utility charged its approved rates and that the customers were correctly billed. Therefore, no adjustments were necessary.

#### Operation and Maintenance Expense (O&M)

The utility did not record any O&M expenses during the test year. The test year operating expenses have been traced to invoices. We find adjustments to reclassify certain expenses and to reflect certain allowances necessary for plant operation to be appropriate. We find that the appropriate amount of operation and maintenance expense is \$20,787. A summary of our adjustments follows.

- 1) Sludge Removal - Based on sludge removal expenses incurred, but not recorded by the utility during the test year, we find that an allowance of \$3,210 is appropriate.
- 2) Purchased Power - Based on purchased power expenses incurred, but not recorded by the utility during the test year, we find that an allowance of \$3,216 is appropriate.
- 3) Chemicals - Based on chemical expense incurred, but not recorded by the utility during the test year, we find that an allowance of \$1,496 is appropriate.
- 4) Materials and Supplies - We find an allowance of \$412 for materials and supplies expense is appropriate. This includes expenses for postage and billing cards incurred, but not recorded by the utility during the test year.
- 5) Contractual Services - We find an allowance for the plant operator of \$4,954 is appropriate based on the plant operator's current fee.



a) Repairs - Utility Maintenance - We find that an allowance for maintenance and repairs expense of \$1,985 is appropriate, based on our engineer's estimation of reasonable plant repair costs.

b) Testing and Laboratory Expense - We have allowed a testing and laboratory expense of \$294 based on current testing requirements.

c) Groundskeeping - The utility must annually clear the trees and vegetation around the plant. Therefore, we find an allowance for mowing and groundskeeping expense of \$1,200 is appropriate.

d) Accounting Expense - The utility actually incurred an accounting expense of \$950. The utility is required to keep its books and records in accordance with NARUC standards. If the utility keeps its books and records in accordance with NARUC standards, \$500 is adequate for filling out the annual report. Therefore, we have allowed an accounting expense of \$500 for preparation of the utility's annual report.

e) Bookkeeper - We find an allowance for a bookkeeper of \$1,200 is appropriate.

f) Billing Clerk - We find an allowance of \$1,315 for a billing clerk is appropriate.

6) Transportation Expense - Given the distance of the receiver's main office in Naples to the service territory on Sanibel Island, we find an allowance for transportation expense of \$720 per year is appropriate.

7) Regulatory Commission Expense - The utility incurred \$285 of amortized regulatory Commission expense. In addition to the filing fee of \$150 for this rate case, this amount includes \$190 for time the billing clerk spent with accountants, and \$800 in separate accounting fees related to the rate case. We find that these expenses are appropriate and have amortized them over four years.

Depreciation Expense (Net of Amortization of CIAC)

Applying the prescribed depreciation rates to the appropriate used and useful plant-in-service account balances results in a depreciation expense of \$2,435 during the test year. Applying the composite depreciation rates to the appropriate CIAC account balance offsets this account by \$3,242.

Taxes Other Than Income Taxes

The regulatory assessment fee applicable to test year revenues is \$548. The utility did not incur any other taxes in this account.

Operating Revenues

Revenues have been adjusted by \$8,755 to reflect the increase in revenue required to cover operating expenses. Because rate base is zero, the revenue requirement does not include a return on rate base.

Taxes Other Than Income Taxes

This expense has been increased by an additional \$394 to reflect the regulatory assessment fee of 4.5 percent on the increase in revenue.

Operating Expenses Summary

Based on the foregoing, the appropriate amount of operating expenses is \$20,923.

REVENUE REQUIREMENT

Based upon our review of the utility's books and records and the adjustments made herein, we find that the appropriate annual revenue requirement is \$20,923. Accordingly, we find it appropriate to approve an annual increase in revenue of \$8,755 (72 percent).

RATES AND RATE STRUCTURE

SURCHARGE FOR IMPROVEMENTS

As mentioned earlier, the utility's plant and collection system need upgrading in order to efficiently and safely serve existing customers. Therefore, we find it appropriate to add a surcharge to each customer's monthly bill in order to pay for the costs of the improvements up front. It is estimated that these collection system improvements will cost \$21,668. That amount divided by 93 customers and spread over 13 months yields a surcharge of \$17.92 per month per customer.

The surcharge will pay for plant and collection system improvements. The surcharge shall be held subject to refund,



regardless of whether or not this Order is protested, until plant and collection system improvements have been made. The utility is authorized to collect the approved rates, including the surcharge, upon Staff's approval of both the security for a potential refund and a copy of the proposed customer notice. The security should be in the form of a bond or letter of credit in the amount of \$24,514. Alternatively, the utility could establish an escrow account with an independent financial institution. Security shall be filed according to the specifications outlined later in this Order. When collection system improvements, or portions thereof, are complete, this Commission may authorize release of the appropriate amount of funds from the escrow account.

Flat Rate Structure

The utility employs a flat rate structure. Accordingly, we have calculated rates based on the test year number of customers. Since the customers are wastewater-only and unmetered, we believe that the current flat rate structure is appropriate. The following rates were calculated by dividing the total revenue requirement by the number of customers billed during the test year.

WASTEWATER  
MONTHLY RATES

GENERAL AND RESIDENTIAL SERVICE

	<u>Existing</u>	<u>Commission</u> <u>Approved</u> <u>Rate</u>
Flat Rate	\$ 11.48	\$ 18.75
Collection System Surcharge	none	\$ 17.92

The flat rates and the surcharge 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 Staff's verification that the tariffs are consistent with the Commission's decision, that the proper security for any potential refund has been provided, and that the approved customer notice is adequate.

Capacity Charge

The utility's current tariff contains provisions for a \$500 system capacity charge. We find it appropriate to eliminate the system capacity charge because the utility is currently overcontributed. Any capital improvements made between now and interconnection with the City of Sanibel will be paid for through the surcharge. Additionally, the City of Sanibel is not currently issuing permits to hook up new homes to the system. Therefore, we believe that additional hook-ups will not be allowed before the interconnection with the City of Sanibel.

Miscellaneous Service Charges

The utility's current tariff contains no provision for miscellaneous service charges. The following charges are hereby authorized:

Wastewater Charges

Initial Connection	\$15.00
Normal Reconnection	\$15.00
Violation Reconnection	Actual Cost
Premises Visit (in lieu of disconnection)	\$10.00

These charges are designed to accurately reflect the costs associated with each service and to place the burden of payment on the person who causes the cost to be incurred rather than on the entire ratepaying body as a whole. Therefore, the utility's tariff is hereby revised to incorporate the charges discussed above.

Statutory Rate Reduction and Recovery Period

The statutory recovery period for rate case expense is four years. The appropriate annual rate reduction at the end of that period is \$298.

Section 367.0816, Florida Statutes, entitled "Recovery of Rate Case Expenses" states that:

The amount of rate case expense determined by the Commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount

of rate case expense previously included in rates.

The utility incurred rate case expense of \$1,140 in regulatory commission expense: \$150 for the filing fee, \$190 for time the billing clerk spent with accountants, and \$800 for separate accounting fees related to the rate case. Based on the above-mentioned statute, the appropriate recovery period for this expense is four years, which allows the utility to recover \$285 per year through its rates. Once the annual regulatory commission expense recovery of \$285 is grossed up to reflect regulatory assessment fees, the annual recovery increases to \$298.

At the end of four years, Gumbo Limbo's rates shall be reduced by \$298 annually. Assuming no change in the utility's current revenues, expenses, capital structure and customer base, the effect of this rate reduction is an approximate \$.27 reduction in the wastewater flat rate.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

#### Temporary Rates in the Event of Protest

This order proposes an increase in wastewater rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event of a protest filed by a party 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 first furnish and have approved by Commission Staff adequate security for a potential refund through a bond, letter of credit in the amount of \$5,995, or an escrow agreement, as well as a proposed customer notice and revised tariff sheets.

If the utility chooses a bond as security, the bond should contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall

refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as a security, it should contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
- 8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as result of the rate increase shall be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, the utility shall file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

#### Effective Date

The flat rates and surcharge shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. Tariff sheets will not be approved until it is verified that the tariff sheets are consistent with the Commission's decision, that the proper security for refund has been provided, and that the proposed customer notice is adequate.

#### BOOKS AND RECORDS

Currently, the utility's books are not maintained in conformity with the Uniform System of Accounts (USOA). Paragraph (1) of Rule 25-30.115, Florida Administrative Code, entitled "Uniform System of Accounts for Water and Sewer Utilities", states:

- 1) Water and Sewer Utilities shall, effective January 1, 1986, maintain its [sic] accounts and records in conformity with the 1984 NARUC Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners.

We believe it appropriate that the utility contract with a bookkeeper to assist in maintaining the utility's records in conformity with Rule 25-30.115, Florida Administrative Code. Therefore, the utility is required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

Monitor Status

This docket shall remain open at least 13 months from the effective date of the Order to allow the Commission to verify the approved collection system improvements, to allow the City of Sanibel time to extend a main to the service territory, and to remove the surcharge from the tariff after 13 months in the event that Sanibel is not yet ready to interconnect Gumbo Limbo's customers. After the City of Sanibel has interconnected Gumbo Limbo's customers, and this Commission has disposed of all escrowed monies appropriately, this docket may be closed administratively.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Gumbo Limbo Enterprises for an increase in its wastewater rates in Lee 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 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 and a surcharge, subject to refund, 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 25-222.029, Florida Administrative Code, is received by the Director 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

ORDERED that Gumbo Limbo Enterprises, 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 service rendered on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that the miscellaneous service charges approved herein shall be effective for service 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, Gumbo Limbo Enterprises 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 Gumbo Limbo Enterprises shall make the specific plant improvements as set forth in the body of this Order. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Gumbo Limbo Enterprises shall submit and have approved a bond or letter of credit in the amount of \$5995 or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. It is further

ORDERED that prior to implementation of the surcharge, Gumbo Limbo Enterprises shall submit a separate escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis. When the collection system improvements, or portions thereof, are complete, the Commission may authorize release of the appropriate amount of funds from the escrow account. It is further

ORDERED that prior to its implementation of the rates approved herein, Gumbo Limbo Enterprises shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon our Staff's verification that they 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, Gumbo Limbo Enterprises 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 Gumbo Limbo Enterprises 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 Gumbo Limbo Enterprises shall maintain its books and records in conformity with the NARUC Uniform System of Accounts and Rule 25-30.115, Florida Administrative Code. It is further

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ORDERED that this docket shall remain open pending completion of approved collection system improvements and interconnection with the City of Sanibel.

By ORDER of the Florida Public Service Commission this 24th day of November, 1992.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

LAJ

by: Kay Hagan  
Chief, Bureau of Records

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, except for the granting of temporary rates and a surcharge, subject to refund, in the event of a protest, 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 December 15, 1992. 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 wastewater 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 wastewater 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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GUMBO LIMBO ENTERPRISES  
SCHEDULE OF WASTEWATER RATE BASE  
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 1  
DOCKET NO. 920302-SU

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.	COMM. ADJUST. TO ZERO RATE BASE	BALANCE PER COMM.
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UTILITY PLANT IN SERVICE	\$ 66,902	\$ 0	\$ 66,902		\$
LAND/NON-DEPRECIABLE ASSETS	11,619 A	(11,619)	0		
PLANT HELD FOR FUTURE USE	0 B	(5,471)	(5,471)		
ACQUISITION ADJUSTMENT	0	0	0		
CWIP	0	0	0		
CIAC	0 C	(75,400)	(75,400)		
ACCUMULATED DEPRECIATION	0 D	(39,224)	(39,224)		
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0		
AMORTIZATION OF CIAC	0 E	29,920	29,920		
WORKING CAPITAL ALLOWANCE	0 F	2,598	2,598		
WASTEWATER RATE BASE	\$ 78,521	\$ (99,196)	\$ (20,675)G	20,675	\$ 0
	=====	=====	=====	=====	=====

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GUMBO LIMBO ENTERPRISES  
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TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 1-A  
ADJUSTMENTS TO  
RATE BASE  
PAGE 1 OF 2

WASTEWATER  
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A. LAND/NON-DEPRECIABLE ASSETS  
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1. To remove land sold to pay tax delinquency	(5,809)
2. To remove plantsite land not in utility's name	(5,810)
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Subtotal	(11,619)
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B. PLANT HELD FOR FUTURE USE  
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1. To reflect non-used and useful plant net of depreciation	(5,471)
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C. CONTRIBUTIONS IN AID OF CONSTRUCTION  
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1. To bring CIAC balances up to those amounts reflected in Order No. 20281	(73,900)
2. Additions to CIAC	(500)
3. CIAC associated with margin reserve	(1,000)
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Subtotal	(75,400)
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D. ACCUMULATED DEPRECIATION  
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1. To bring accumulated depreciation balances up to those amounts reflected in Order No. 20281	(29,876)
2. Pre-test year additions	(7,909)
3. Test year additions	(2,876)
4. Averaging adjustment	1,438
	-----
Subtotal	(39,223)
	=====

E. ACCUMULATED AMORTIZATION OF CIAC  
-----

1. To bring accumulated amortization of CIAC balances up to those amounts reflected in Order No. 20281	19,487
--	--------

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GUMBO LIMBO ENTERPRISES  
DOCKET NO. 920302-SU  
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 1-A  
ADJUSTMENTS TO  
RATE BASE  
PAGE 2 OF 2

	WASTEWATER
	-----
2. Pre-test year additions	8,790
3. Test year additions	3,199
4. Averaging adjustment	(1,599)
5. Accumulated amortization of CIAC associated with the margin reserve	43
	-----
Subtotal	29,920
	=====
F. WORKING CAPITAL ALLOWANCE	
	-----
1. To reflect working capital allowance based on one-eighth of O&M expenses	2,598
	=====
G. WASTEWATER RATE BASE	
	-----
1. To adjust negative rate base balance to zero	20,675
	=====



JUMBO LIMBO ENTERPRISES  
SCHEDULE OF CAPITAL STRUCTURE  
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 2  
DOCKET NO. 920302-SU

	PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.	PERCENT OF TOTAL	COST	WEIGHTED COST
	-----	-----	-----	-----	-----	-----
LONG-TERM DEBT	\$ 0	\$ 0	\$ 0	0.00%	10.00%	0.00%
SHORT-TERM DEBT	0	0	0	0.00%	0.00%	0.00%
PREFERRED EQUITY	0	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	0	0	0	0.00%	8.00%	0.00%
RETAINED EARNINGS	(20,675)	20,675	0	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS	0	0	0	0.00%	0.00%	0.00%
DEFERRED TAXES	0	0	0	0.00%	0.00%	0.00%
OTHER	0	0	0	0.00%	0.00%	0.00%
	-----	-----	-----	-----		-----
TOTAL	\$ (20,675)	\$ 20,675	\$ 0	0.00%		0.00%
	=====	=====	=====	=====		=====

RANGE OF REASONABLENESS	LOW	HIGH
-----	-----	-----
RETURN ON EQUITY	0.00%	0.00%
OVERALL RATE OF RETURN	0.00%	0.00%

ORDER NO. PSC-92-1362-FOF-SU  
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GUMBO LIMBO ENTERPRISES  
SCHEDULE OF WASTEWATER OPERATING INCOME  
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO.3  
DOCKET NO. 920302-SU

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTILITY	COMM. ADJUST. TEST YEAR	ADJUSTMENT FOR INCREASE	TOTAL PER COMM.
OPERATING REVENUES	\$ 12,168	\$ 0	\$ 12,168 D	\$ 8,755	\$ 20,923
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	0 A	20,787	20,787	0	20,787
DEPRECIATION (NET)	0 B	(806)	(806)	0	(806)
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	0 C	548	548 E	394	942
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	0 \$	20,529 \$	20,529 \$	394 \$	20,923
OPERATING INCOME/(LOSS)	12,168 \$	(20,529) \$	(8,361) \$	8,361 \$	0
WASTEWATER RATE BASE	78,521	\$ 0	\$ 0	\$ 0	0
RATE OF RETURN	15.50%		0.00%		0.00%

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GUMBO LIMBO ENTERPRISES  
DOCKET NO. 920302-SU  
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 3A  
ADJUSTMENTS TO  
OPERATING INCOME  
PAGE 1 OF 2

A. OPERATION AND MAINTENANCE EXPENSES:	WASTEWATER
-----	-----
1. Sludge Removal	
A. To reflect Commission approved sludge removal expense	3,210
	=====
2. Purchased Power	
A. To reflect Commission approved purchased power expense	3,216
	=====
3. Chemicals	
A. To reflect Commission approved chemicals expense	1,496
	=====
4. Materials and Supplies	
A. To reflect unrecorded test year materials and supplies expense	412
	=====
5. Contractual Services	
A. To reflect Commission approved expense for plant operator	4,954
B. To reflect Commission approved repairs and maintenance expense	1,985
C. To reflect Commission approved testing and lab expenses	294
D. To reflect Commission approved mowing and groundskeeping expense	1,200
E. To reflect accounting expense not booked during the test year	500
F. To reflect office salaries not booked during the test year	1,315
G. To reflect proforma bookkeeper allowance	1,200
	-----
	11,448
	=====

GUMBO LIMBO ENTERPRISES  
 DOCKET NO. 920302-SU  
 TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 3A  
 ADJUSTMENTS TO  
 OPERATING INCOME  
 PAGE 2 OF 2

WASTEWATER  
 -----

6. Transportation Expense	
A. To reflect Commission approved transportation expense	720
	=====
7. Regulatory Commission Expense	
A. To reflect amortization of rate case expense over four years	285
	=====
O&M Adjustments	20,787
	=====

B. DEPRECIATION EXPENSE:  
 -----

1. Adjustment to reflect test year depreciation expense	2,876
2. Adjustment to remove non-used and useful depreciation expense	(441)
3. Adjustment to reflect test year amortization expense of CIAC	(3,199)
4. Adjustment to reflect test year amortization expense of margin reserve	(43)
	-----
Subtotal	(806)
	=====

C. TAXES OTHER THAN INCOME:  
 -----

1. To reflect regulatory assessment fee of 4.5% of test year revenue	548
	=====

D. OPERATING REVENUES:  
 -----

1. To reflect Commission approved revenue increase	8,755
	=====

E. TAXES OTHER THAN INCOME:  
 -----

1. To reflect the additional regulatory assessment fees associated with Commission approved revenue increase	394
	=====

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GUMBO LIMBO ENTERPRISES  
SCHEDULE OF WASTEWATER RATE CASE EXPENSE  
RATE REDUCTION AFTER FOUR YEARS  
TEST YEAR ENDED MARCH 31, 1992

SCHEDULE NO. 4  
DOCKET NO. 920302-SU

MONTHLY RATES

RESIDENTIAL AND GENERAL SERVICE -----	COMMISSION APPROVED RATES -----	RATE DECREASE -----
BASE FACILITY CHARGE: Meter Size:		
Flat Rate	\$ 18.75	0.27