

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for staff-) DOCKET NO. 920701-SU
assisted rate case in Pasco) ORDER NO. PSC-93-0375-FOF-SU
County by HACIENDA UTILITIES,) ISSUED: 03/11/93
INC.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER GRANTING TEMPORARY RATES
IN THE EVENT OF PROTEST AND REQUIRING
HACIENDA VILLAGE MOBILE HOME PARK TO FILE FOR A
CERTIFICATE OR AN EXEMPTION

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, except for the provision for temporary rates, subject to refund, in the event of a protest, and the requirement that Hacienda Village Mobile Home Park file for a certificate or an exemption, the action discussed herein 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

Hacienda Utilities, Inc., (Hacienda or utility) is a Class "C" wastewater facility located in Pasco County, Florida. During the test year, the utility served 459 customers in Hacienda Village Mobile Home Park, a mobile home community, and 42 adjacent single family homes.

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FPSC-RECORDS/REPORTING

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The utility was granted Certificate No. 285-S in Order No. 9600, issued October 20, 1980, at which time this Commission set initial rates. Hacienda provides water service to Hacienda Village Mobile Home Park, but its provision of this service is exempt from our regulation pursuant to Section 367.022(5), Florida Statutes. The wastewater system became jurisdictional and was certificated when the adjacent single family home subdivision hooked on to Hacienda's wastewater system in 1979.

By Order No. 13949, issued December 28, 1984, this Commission granted a transfer of majority organizational control from Hacienda to Hacienda Village Limited Partnership. Since this transaction pertained solely to the sale of stock, the rate base of the utility was unaffected.

On May 11, 1992, Hacienda filed an application for a transfer of its certificate from Hacienda to Hacienda Village, Inc. The new owners took over ownership and began management in April 1992. The transfer of certificate was approved in Order No. PSC-93-0020-FOF-SU, issued January 5, 1993. As a part of the transfer docket, it was determined that Hacienda had implemented two rate increases in the housing development without the Commission's authorization. A refund was required in Order No. PSC-92-0602-FOF-SU, issued July 1, 1992. The refund was completed and the docket was closed by Order No. PSC-93-0020-FOF-SU, issued January 5, 1993.

On July 7, 1992, the utility applied for the instant staff-assisted rate case and it has paid the appropriate filing fee. The test year is the twelve-month period ending June 30, 1992.

The utility's books reflect operating revenues of \$50,021 during the test year and net operating income of \$27,551 during the same period.

Water and wastewater in the utility's service area are under the jurisdiction of the Southwest Florida Water Management District. The district has designated the region as a "water use caution area." The Commission has a memorandum of understanding with the Florida Water Management Districts, in which this Commission has recognized that a joint cooperative effort is necessary to implement an effective, statewide water conservation policy. We considered steps that the utility could take to encourage water conservation among the utility's jurisdictional wastewater customers including implementing a base facility/gallonage charge rate structure, and implementing

wastewater effluent reuse. However, after further review we discovered that these programs could not be considered because water service to the mobile home park is neither metered nor jurisdictional and the wastewater treatment plant gallons per day (gpd) capacity is too small to be permitted for reuse by the Department of Environmental Regulation (DER).

QUALITY OF SERVICE

A customer meeting was held on January 6, 1993, in Pasco County. Two of the utility's 42 single family home wastewater customers attended the meeting. Of the two customers that attended the meeting, both customers registered comments relating to the utility's new rate structure. No one had complaints concerning the utility's quality of service.

In addition to the customers' apparent satisfaction with quality of service, it has been determined that the utility is in compliance with state and local health requirements. Based on the facts stated above, we find the quality of service provided by Hacienda is satisfactory.

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 Attachments without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

Wastewater Treatment Plant

The capacity of the wastewater treatment plant was constructed to be 95,000 gpd. The test period's highest five-day average of daily flows occurred during January 1992. Based on an average of 500 customers, or 304 equivalent residential connections (ERCs), the average daily flow was 68,600 gpd; 5,754 gpd has been calculated for margin reserve. Based on the above, we find that

the wastewater treatment plant is 78.27% used and useful, with the exception of the cost of the drain field and sand filtration units.

Drain Field and Filter Units

The drain field and sand filtration units were constructed due to a DER mandate to upgrade the quality of discharged effluent. Subsequent mandates by DER forced the utility into constructing additional ponds which discontinued the daily use of the filtration units. Presently, the drain field and filtration units are used only during the six to eight week peak flow period of each year. Therefore, based on the above, we find that this portion of plant is 19.23% used and useful.

Collection System

The collection system can potentially serve 563 customers or 304 ERCs. Using the formula approach, which we have approved herein, results in a 96.35% used and useful for the collection system. This high percentage of used and useful indicates that the collection system could serve no less than the existing customer base. Therefore, we find that the collection system shall be 100% used and useful.

Plant-in-Service

The utility's books reflect the balance of \$296,460 for plant-in-service. We have adjusted the balance by \$15,868 in order to match the amount which we established in Order No. 9600. In addition, we have reduced the balance by \$397 due to an unverified plant addition.

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. Therefore, we find that the appropriate reduction to rate base for plant held for future use is \$61,565.

Contributions-in-Aid-of-Construction

Order No. 9600 did not indicate the collection of any CIAC, nor did the utility's books show any evidence of the collection of CIAC. Therefore, pursuant to Rule 25-30.570, Florida Administrative Code, we have imputed the cost of the wastewater collection system. Based on the foregoing, we find that the appropriate balance for CIAC is \$30,364.

Accumulated Depreciation

The utility's books indicate that depreciation has been calculated using tax depreciation rules only. Order No. 9600 established a depreciation rate of 2.5%. Therefore, using our approved accumulated depreciation balance beginning December 31, 1979, we have recalculated accumulated depreciation using 2.5% up to the beginning of the test year. During the test year, we calculated depreciation in accordance with Rule 25-30.140, Florida Administrative Code. This recalculation results in a reduction to accumulated depreciation of \$47,329. An averaging adjustment of \$8,056 further reduces the balance. Based on the foregoing, we find that the appropriate amount of accumulated depreciation is \$63,986.

Accumulated Amortization of CIAC

The utility had no recorded balance in this account. We have calculated amortization of the imputed CIAC by following the guidelines set forth in Rule 25-30.140, Florida Administrative Code. To calculate this amount we used a composite rate of 5.17% during the test year. Using the 2.5% depreciation rate established in Order No. 9600 prior to the test year and the composite rate of 5.17% during the test year, we calculated accumulated amortization of CIAC to be \$10,299. An averaging adjustment of \$784 reduces the balance. Therefore, based on the foregoing, we find that the appropriate amount of accumulated amortization of CIAC is \$9,515.

Working Capital Allowance

The utility failed to record a working capital allowance. We find it appropriate to use the formula approach in calculating the working capital requirement of this utility, that is, one-eighth of

operation and maintenance (O & M) expenses. In a later section of this Order, we find that \$32,857 is the appropriate amount for O & M expense. Therefore, we find the appropriate amount of working capital is \$4,107.

Test Year Rate Base Summary

Based on the foregoing, we find the appropriate test year rate base for this utility to be \$213,080.

COST OF CAPITAL

Our audit revealed that the utility's capital structure is comprised of 100% common equity for the test year. Therefore, applying the leverage formula approved in Order No. PSC-92-0686-FOF-WS, issued July 21, 1992, we hereby establish the utility's return on equity to be 10.44%. Because the capital structure is 100% equity, the appropriate rate of return is also 10.44%.

Capital structure and the overall rate of return are shown on Schedule No. 2, attached hereto.

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 that are self-explanatory or essentially mechanical in nature are shown 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 \$50,021 during the test period. A revenue check indicates that the correct amount of revenues received during the test period was \$59,580. Our review indicates that the reason for this difference is the utility did not correctly book revenues received from Hacienda Village Mobile Home Park. Therefore, we will impute the difference. Based on the foregoing, we find that the appropriate test year operating revenue is \$59,580.

Operating Expenses

The components of the utility's operating expenses include O & M expenses, depreciation expense (net of related non-used and useful depreciation and amortization of CIAC), taxes other than income, and income taxes.

The utility's test year operating expenses have been traced to invoices. Adjustments have been made to reflect unrecorded test year expenses, and to reflect certain allowances for plant operations, as well as to reclassify certain expenses. In addition, the utility was sold during the test year and the new owners have requested certain expense allocations. A discussion of each component follows.

Operation and Maintenance Expenses

The utility recorded O&M expenses of \$21,804 during the test year. A summary of the utility's recorded expenses and our allowances follows.

1) Sludge Removal - The utility recorded \$3,220 in this account during the test year. We find it appropriate to allow the utility \$2,770 for this expense based on an examination of the monthly flows and expenses incurred during the test year. Thus, we have reduced this account by \$450.

2) Purchased Power - The utility recorded \$7,890 in this account during the test year. Based on actual test year expenses for the plant and lift stations, we find it appropriate to allow \$7,360 for purchased power expense. We have made an adjustment of \$530 based on actual test year expenses for the plant and lift stations. This results in an allowance of \$7,360 for purchased power expense.

3) Chemicals - The utility recorded \$1,125 in this account during the test year. Based on a 150 pound cylinder of chlorine gas replaced every 35 days, we have adjusted this expense by \$375. This results in an allowance of \$750 for chemicals expense.

4) Materials and Supplies - The utility recorded \$1,109 in this account during the test year. Based on an examination of test year invoices for plant and system repairs, we find it appropriate to increase this account by \$137. This results in an allowance of

\$1,246 for this account which includes basic maintenance and repair supplies for plant operation.

5) Contractual Services - The utility recorded \$7,719 in this account during the test year. This amount includes \$3,861 for the plant operator. Of this amount, we removed \$351 in out of test year expenses, and added \$702 of unbooked test year expenses. The utility recorded \$1,398 in mowing and groundskeeping expense. Based on an examination of test year expenses and an examination of the plant site, we believe an allowance of \$1,723 is appropriate. Therefore, we have made an adjustment of \$325 for mowing and groundskeeping. The utility booked \$945 in DER testing expenses. Of this amount, we removed \$59 in out of test year expenses and added \$118 of unbooked test year expenses. The testing allowance we find appropriate here includes an annual sludge analysis (\$250), monthly group four analyses (\$46.80 per month), a monthly nitrate sample (\$12.00 per month), and four nitrate recheck samples (\$12.00 each). The utility recorded \$1,515 in accounting expenses. The new owners of the utility have requested an accounting expense of \$3,600. We determined that a reasonable accounting expense for a utility of this size is \$2,122, which is based on three hours of accounting work per week at \$13.60 per hour. Therefore, we have made an adjustment to add \$607 to the recorded amount.

The following expenses were not recorded during the test year, but have been requested by the new owners. The utility requested \$3,600 for a plant general manager. Because we believe this amount is reasonable, we hereby allow this amount as a proforma expense.

The utility has requested an allowance of \$6,600 for an on-site bookkeeper. The utility estimated that 15% of the bookkeeper's time would be spent on utility-related duties. This equates to a \$44,000 annual salary for a bookkeeper. We believe that this amount is unreasonable for a utility of this size. Therefore, we believe an allowance of \$3,120 is appropriate, based on six hours per week at \$10.00 per hour.

The utility has requested an allowance of \$16,000 for a liaison/overseer. We do not believe that this position is necessary for a utility of this size. There was no major construction during the test year and no construction or plant additions are currently planned. We believe a general manager and an operator are sufficient for the operation of this utility.

6) Rents - The utility did not book a rent expense for the test year, but the new owners have requested an allowance of \$1,800. We find that this is reasonable. Therefore, we find the appropriate amount for this account is \$1,800.

7) Insurance Expense - The utility did not record any insurance expense for the test year, but we believe that \$1,500 is a reasonable amount to allow for this expense. This is based on an allocation of one-sixth of the parent company's total test year insurance expense. The utility is one of the parent company's six businesses.

8) Regulatory Commission Expense - During the test year, the utility recorded \$596 in this account as a result of expense associated with the certification transfer docket. We find an allowance of \$596 is reasonable for this proceeding. Based on a four year amortization period, we find the appropriate balance is \$149. In addition, we have included the \$900 filing fee for this rate case in that allowance. Based on a four year amortization period, this results in an increase of \$225 to this expense.

9) Miscellaneous Expense - The utility recorded \$145 in this account during the test year. We find an allowance of \$1,131 appropriate based on an allocation of one-sixth of the parent company's expenses for copy machine and computer rental, office supplies and other overhead, as well as an allowance for postage.

Depreciation Expense (Net of Amortization of CIAC)

The utility did not record any depreciation expense during the test period. Applying the prescribed depreciation rates to the appropriate test year plant-in-service account balances results in a depreciation expense of \$16,113. We have calculated the non-used and useful portion of depreciation expense to be \$4,271. Applying the composite depreciation rates to the appropriate CIAC account balance offsets depreciation expense by \$1,569 during the test year.

Taxes Other Than Income Taxes

The utility recorded \$666 of property taxes in this account during the test year. We have increased this amount by \$2,681 to reflect the regulatory assessment fee associated with test year revenues.

Income Taxes

The utility did not book any income taxes during the test year. Because we believe that the utility should have a positive operating income after this rate case, we have computed an income tax expense of \$3,928.

Operating Revenues

Revenues have been increased by \$13,686 to reflect the increase in revenue required to cover operating expenses and allow the Commission-approved rate of return on investment.

Taxes Other Than Income Taxes

This expense has been increased by \$616 to reflect the 4.5% regulatory assessment fee on the increase in revenue.

Operating Expenses Summary

Based on the forgoing, the appropriate amount of operating expense is \$51,021.

REVENUE REQUIREMENT

Based on our review of the utility's books and records and the adjustments made herein, we find that the appropriate annual revenue requirement is \$73,266. Accordingly, we find it appropriate to approve an annual increase in revenue of \$13,686 (23%). These revenue requirements will allow the utility the opportunity to recover its operating expenses and allow it the opportunity to earn a 10.44% return on its investment.

RATES AND RATE STRUCTURE

During the test year, the utility provided wastewater service to 501 residential customers - 42 single family homes and 459 mobile home park customers. Currently, the utility utilizes a flat rate structure.

Although this rate structure is not ideal for conservation purposes, because the customers are wastewater-only and unmetered, we find it appropriate to retain the current flat rate structure. In designing the flat rate structure, the following rates were calculated by dividing the total revenue requirement by the number of customers billed during the test year.

WASTEWATER
MONTHLY RATES

RESIDENTIAL AND GENERAL SERVICE

	<u>Existing</u>	<u>Commission</u> <u>Approved</u> <u>Flat</u> <u>Rates</u>
Flat Rate	\$ 10.00	\$ 12.19

The approved flat rates 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 our staff verifies that the tariffs are consistent with our decision herein, that the proper security for refund has been provided, and that the approved customer notice is adequate.

Service Availability Charges

The utility's current tariff contains provisions for a \$250 plant capacity charge. The service area is mostly built out, but a limited number of new connections can be accommodated before the collection system must be enlarged. The utility's current contribution level is 9.7%. Thus, we have calculated a plant capacity charge of \$700 per ERC for all new connections.

Miscellaneous Service Charges

The utility's current tariff does not contain a provision for miscellaneous service charges. We hereby authorize the utility to charge the miscellaneous service charges set forth below. These charges are designed to more 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.

Wastewater

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

A definition of each charge is provided for clarification:

- 1) Initial Connection: This charge is to be levied for service initiation at a location where service did not exist previously.
- 2) Normal Reconnection: This charge is to be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.
- 3) Violation Reconnection: This charge is to be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.
- 4) Premises Visit (in lieu of disconnection): This charge is to be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill, but does not discontinue 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 sheets.

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(1), 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 that the utility has the expertise necessary to convert and maintain the utility's records in conformity with Rule 25-30.115, Florida Administrative Code. Therefore, the utility is hereby required to maintain its books and records in conformity with the 1984 NARUC Uniform System of Accounts.

AMORTIZATION OF RATE CASE EXPENSE

Section 367.0816, Florida Statutes, requires that rate case expense be apportioned for recovery over a period of four years. The statute further requires that the rates of the utility be reduced immediately after the four year period by the amount of rate case expense previously included in the rates. This statute applies to all rate cases filed on or after October 1, 1989.

As discussed in an earlier section of this Order, we find the expenses to be recovered by the utility in this proceeding are a \$900 filing fee and \$596 in test year expenses associated with the utility's transfer docket. With a four-year recovery period for this expense, the utility will recover \$374 per year. After grossing up this revenue to account for regulatory assessment fees, we calculate the appropriate annual recovery of rate case expense is \$392. Therefore, at the end of four years, the utility's rates shall be reduced by \$392 annually. Based on the existing

circumstances, the effect of this will be a reduction in the utility's flat rate charge of \$.06.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. Also, at the same time, the utility shall 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 each.

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 or letter of credit in the amount of \$9,325, or an escrow account, a copy of the 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 a 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 should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as a result of the rate increase should be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is

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ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility should 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 should 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.

Hacienda Village Mobile Home Park Shall
File For A Certificate or an Exemption

Hacienda charges Hacienda Village Mobile Home Park for wastewater service based on the number of occupied mobile homes each month. Therefore, Hacienda Village Mobile Home Park is a bulk customer of Hacienda.

By purchasing wastewater treatment from Hacienda and, in turn, providing wastewater service to its tenants, Hacienda Village Mobile Home Park is operating as a separate utility. Therefore, Hacienda Village Mobile Home Park's provision of wastewater service is subject to Chapter 367, Florida Statutes, and Hacienda Village Mobile Home Park is hereby ordered to apply for a certificate or an exemption from Commission jurisdiction within 30 days of the date of this Order.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Hacienda Utilities, Inc., for an increase in its wastewater rates in Pasco 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 Hacienda Utilities, Inc., is authorized to charge the new rates and charges set forth in the body of this Order. It is further

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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 service availability charges approved herein shall be effective for service rendered on or after the stamped approval date. 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, Hacienda Utilities, 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 the provisions of this Order are issued as proposed agency action, except for the provisions for temporary rates, subject to refund, in the event of a protest and the requirement that Hacienda Village Mobile Home Park file for a certificate or an exemption, and shall become final, unless an appropriate petition in the form provided by Rule 25-022.029, Florida Administrative Code, is received by the Director, 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

ORDERED that in the event of a protest by any substantially affected person other than the utility Hacienda Utilities, 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 Hacienda Utilities, Inc., has furnished satisfactory security for any potential refund and provided that it has submitted, and our Staff has approved, revised tariff sheets, a proposed customer notice, and satisfactory security for any potential refund. It is further

ORDERED that Hacienda Utilities, Inc. 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 Hacienda Village Mobile Home Park shall file for a certificate or an exemption within 30 days of the date of this Order. It is further

ORDERED that in the event no timely protest is received, and Staff has approved both the revised tariff sheets and the proposed customer notice, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 11th day of March, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

RG

by: Kay Heizer

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, except for our action providing for temporary rates, subject to refund, in the event of a protest, and requiring Hacienda Village Mobile Home Park to file for a certificate or an exemption, our action herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This 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 April 1, 1993. 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

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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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HACIENDA UTILITIES, INC.
 SCHEDULE OF WASTEWATER RATE BASE
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 1
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	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.
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UTILITY PLANT IN SERVICE	\$ 296,460	\$ 15,471 A	\$ 311,931
LAND/NON-DEPRECIABLE ASSETS	43,442	0	43,442
PLANT HELD FOR FUTURE USE	0	(61,565) B	(61,565)
ACQUISITION ADJUSTMENT	0	0	0
CWIP	0	0	0
CIAC	0	(30,364) C	(30,364)
ACCUMULATED DEPRECIATION	(119,371)	55,385 D	(63,986)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	9,515 E	9,515
WORKING CAPITAL ALLOWANCE	0	4,107 F	4,107
WASTEWATER RATE BASE	\$ 220,531	\$ (7,451)	\$ 213,080

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HACIENDA UTILITIES, INC.
DOCKET NO. 920701-SU
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 1-A
ADJUSTMENTS TO
RATE BASE

WASTEWATER

A. UTILITY PLANT IN SERVICE

1. To adjust UPIS to balance reflected in Order No. 9600 at 12/31/79	15.868
2. To remove unverified plant addition	(397)

Subtotal	15.471
	=====

B. PLANT HELD FOR FUTURE USE

1. To reflect non-used and useful plant net of depreciation	(61,565)
	=====

C. CONTRIBUTIONS IN AID OF CONSTRUCTION

1. To impute the cost of collection system lines	(30.364)
	=====

D. ACCUMULATED DEPRECIATION

1. To bring accumulated depreciation balances up to those amounts approved by the Commission	47,329
2. Averaging adjustment	8,056

Subtotal	55,385
	=====

E. ACCUMULATED AMORTIZATION OF CIAC

1. Accumulated amortization associated with imputation of lines	10,299
2. Averaging adjustment	(784)

Subtotal	9,515
	=====

F. WORKING CAPITAL ALLOWANCE

1. To reflect working capital allowance based on one-eighth of O&M expenses	4,107
	=====

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HACIENDA UTILITIES, INC.
SCHEDULE OF CAPITAL STRUCTURE
TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO. 2
DOCKET NO. 920701-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%	0.00%	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%	0.00%	0.00%
COMMON EQUITY	213,080	0	213,080	100.00%	10.44%	10.44%
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	\$ 213,080	\$ 0	\$ 213,080	100.00%		10.44%

RANGE OF REASONABLENESS	LOW	HIGH
-----	-----	-----
RETURN ON EQUITY	9.44%	11.44%
OVERALL RATE OF RETURN	9.44%	11.44%

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HACIENDA UTILITIES, INC.
 SCHEDULE OF WASTEWATER OPERATING INCOME
 TEST YEAR ENDED JUNE 30, 1992

SCHEDULE NO.3
 DOCKET NO. 920701-SU

	TEST YEAR PER UTILITY	COMM. ADJUST. TO UTILITY	COMM. ADJUST. TEST YEAR	ADJUSTMENT FOR INCREASE	TOTAL PER COMM.
OPERATING REVENUES	\$ 50,021	\$ 9,559 A	\$ 59,580	\$ 13,686 F	\$ 73,266
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	21,804	11,053 B	32,857	0	32,857
DEPRECIATION (NET)	0	10,273 C	10,273	0	10,273
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	666	2,681 D	3,347	616 G	3,963
INCOME TAXES	0	3,928 E	3,928	0	3,928
TOTAL OPERATING EXPENSES	22,470	\$ 27,935	\$ 50,405	\$ 616	\$ 51,021
OPERATING INCOME/(LOSS)	27,551	\$ (18,376)	\$ 9,175	\$ 13,070	\$ 22,245
WASTEWATER RATE BASE	220,531		\$ 213,080		\$ 213,080
RATE OF RETURN	12.49%		4.31%		10.44%

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HACIENDA UTILITIES, INC.
 DOCKET NO. 920701-SU
 TEST YEAR ENDED JUNE 30, 1992

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

A. OPERATING REVENUES	WASTEWATER
-----	-----
1. To reflect Commission approved test year revenue	9,559
B. OPERATION AND MAINTENANCE EXPENSES:	

1. Sludge Removal	
A. To reflect Commission approved sludge removal expense	(450)
	=====
2. Purchased Power	
A. To reflect Commission approved purchased power expense	(530)
	=====
3. Chemicals	
A. To reflect Commission approved chemicals expense	(375)
	=====
4. Materials and Supplies	
A. To reflect Commission approved materials and supplies expense	137
	=====
5. Contractual Services	
A. To remove out of test year plant operator expense	(351)
B. To add unbooked test year plant operator expense	702
C. To reflect Commission approved mowing and groundskeeping expense	325
D. To reflect Commission approved maintenance/liason/general manager expense	3,600
E. To remove out of test year DER testing expense	(59)
F. To add unbooked test year DER testing expense	118
G. To reflect Commission approved accounting expense	607
H. To reflect Commission approved bookkeeping expense	3,120

Subtotal	8,062
	=====

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HACIENDA UTILITIES, INC.
DOCKET NO. 920701-SU
TEST YEAR ENDED JUNE 30, 1992

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

WASTEWATER

6. Rents

A. To reflect Commission approved
office rent expense

1,800

=====

7. Insurance Expense

A. To reflect Commission approved
insurance expense

1,500

=====

8. Regulatory Commission Expense

A. To reflect filing fee for this rate case
amortized over four years

225

B. To amortize test year transfer docket
expenses over four years

(447)

Subtotal

(222)

=====

9. Miscellaneous Expenses

A. To reflect Commission approved
miscellaneous expenses

1,131

=====

O&M Adjustments

11,053

=====

C. DEPRECIATION EXPENSE:

1. Adjustment to reflect test year depreciation
expense

16,113

2. Adjustment to remove non-used and
useful depreciation expense

(4,271)

3. Adjustment to reflect test year amortization
expense of CIAC

(1,569)

Subtotal

10,273

=====

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HACIENDA UTILITIES, INC.
DOCKET NO. 920701-SU
TEST YEAR ENDED JUNE 30, 1992

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

D. TAXES OTHER THAN INCOME:

WASTEWATER

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

2,681
=====

E. INCOME TAXES:

1. To reflect Commission approved income tax expense

3,928
=====

F. OPERATING REVENUES:

1. To reflect Commission approved
revenue increase

13,686
=====

G. TAXES OTHER THAN INCOME:

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

616
=====