

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-
assisted rate case in Orange
County by Tangerine Water
Company, Inc.

DOCKET NO. 981663-WU
ORDER NO. PSC-99-1399A-PAA-WU
ISSUED: August 9, 1999

ORDER AMENDING ORDER NO. PSC-99-1399-PAA-WU AND
EXTENDING PROTEST PERIOD

BY THE COMMISSION:

On July 21, 1999, this Commission issued Proposed Agency Action Order No. PSC-99-1399-PAA-WU. In that Order, we approved increased rates and charges and granted temporary rates in the event of a protest, among other things, for Tangerine Water Company, Inc. Schedules reflecting our calculations of, and adjustments to, rate base, capital structure, operating income, operation and maintenance expense, rate case expense rate reduction after four years, and used and useful were attached and incorporated into the Order by reference. However, those schedules reflected our staff's preliminary calculations and not the final calculations approved by the Commission at the June 29, 1999, Agenda Conference.

Accordingly, Order No. PSC-99-1399-PAA-WU is hereby amended to include the correct schedules, which are identified as schedule Nos. 1 through 4, and are attached hereto and incorporated by reference. Because of the comprehensive nature of the schedules, the protest period is extended to 21 days from the issuance of this amendatory order.

Order No. PSC-99-1399-PAA-WU is reaffirmed in all other respects.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Order No. PSC-99-1399-PAA-WU is hereby amended as set forth in the body of this Order. It is further

ORDERED that the extended protest period is that date stated in the Notice of Further Proceedings set forth below. It is further

DOCUMENT NUMBER-DATE

09435 AUG-99

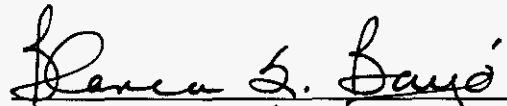
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ORDERED that Order No. PSC-99-1399-PAA-WU is reaffirmed in all other respects. It is further

ORDERED that all matters contained in Schedule Nos. 1 through 4 attached hereto are incorporated herein by reference.

By ORDER of the Florida Public Service Commission, this 9th day of August, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

DMC

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 30, 1999.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

TANGERINE WATER COMPANY, INC.
SCHEDULE OF WATER RATE BASE
TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 1
DOCKET NO. 981663-WU

| | <u>TEST YEAR PER AUDIT</u> | <u>COMM. ADJUST. TO UTIL. BAL.</u> | <u>BALANCE PER COMM.</u> |
|-----------------------------|--------------------------------|--|---|
| UTILITY PLANT IN SERVICE | \$ 167,963 | \$ 15,323 A | \$ 183,286 |
| LAND/NON-DEPRECIABLE ASSETS | 0 | 0 | 0 |
| NON-USED AND USEFUL PLANT | 0 | 0 | 0 |
| CIAC | (58,198) | 500 B | (57,698) |
| ACCUMULATED DEPRECIATION | (86,800) | 16,253 C | (70,547) |
| AMORTIZATION OF CIAC | 23,791 | (1,240) D | 22,551 |
| WORKING CAPITAL ALLOWANCE | <u>4,399</u> | <u>3,417 E</u> | <u>7,816</u> |
| WATER RATE BASE | \$ 51,155 | \$ 34,253 | \$ 85,408 |

TANGERINE WATER COMPANY, INC.
ADJUSTMENTS TO RATE BASE
TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 1A
DOCKET NO. 981663-WU

| A. <u>UTILITY PLANT IN SERVICE</u> | <u>WATER</u> |
|--|-------------------|
| 1. To capitalize labor for installation of computer program. | \$ 500 |
| 2. To adjust utility plant to commission approved balance. | 602 |
| 3. To include DEP required chlorine alarm. | 1,345 |
| 4. To retire existing chlorine alarm. | (637) |
| 5. To include DEP required transfer switch. | 2,405 |
| 6. To include DEP required electrical work. | 14,159 |
| 7. To include average cost for #1 pump repair. | 4,650 |
| 8. To include hand held computer for meter reading. | 948 |
| 9. To reflect an averaging adjustment. | (8,649) |
| | <u>\$ 15,323</u> |
| | |
| B. <u>CONTRIBUTIONS IN AID OF CONSTRUCTION</u> | |
| 1. To reflect an averaging adjustment. | <u>\$ 500</u> |
| | |
| C. <u>ACCUMULATED DEPRECIATION</u> | |
| 1. To reflect commission approved accumulated depreciation. | \$ 4,508 |
| 2. To reflect the retirement of chlorine alarm. | 637 |
| 3. To reflect depreciation on pro forma chlorine alarm. | (79) |
| 4. To include DEP required transfer switch depreciation. | (141) |
| 5. To include DEP required electrical work depreciation. | (833) |
| 6. To include average depreciation cost for #1 pump repair . | (172) |
| 7. To reflect depreciation on pro forma hand held computer. | (158) |
| 8. To reflect averaging adjustment. | 12,491 |
| | <u>\$ 16,253</u> |
| | |
| D. <u>AMORTIZATION OF CIAC</u> | |
| 1. To reflect commission approved amortization of CIAC. | \$ (177) |
| 2. To reflect averaging adjustment. | (1,063) |
| | <u>\$ (1,240)</u> |
| | |
| E. <u>WORKING CAPITAL ALLOWANCE</u> | |
| 1. To reflect 1/8 of operation and maintenance expenses. | <u>\$ 3,417</u> |

TANGERINE WATER COMPANY, INC.
 SCHEDULE OF CAPITAL STRUCTURE
 TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 2
 DOCKET NO. 981663-WU

| | <u>PER AUDIT</u> | <u>SPECIFIC ADJUSTMENTS</u> | <u>BALANCE BEFORE PRO RATA ADJUSTMENTS</u> | <u>PRO RATA ADJUSTMENTS</u> | <u>BALANCE PER COMM.</u> | <u>PERCENT OF TOTAL</u> | <u>COST</u> | <u>WEIGHTED COST</u> |
|-------------------|------------------|-----------------------------|--|-----------------------------|--------------------------|-------------------------|-------------|----------------------|
| COMMON EQUITY | \$ 54,674 | \$ 0 | \$ 54,674 | \$ 3,262 | \$ 57,936 | 67.83% | 8.98% | 6.09% |
| LONG TERM DEBT | 0 | 20,000 | 20,000 | 1,193 | 21,193 | 24.81% | 10.25% | 2.54% |
| CUSTOMER DEPOSITS | \$ 0 | \$ 5,925 | \$ 5,925 | \$ 354 | \$ 6,279 | 7.35% | 6.00% | 0.44% |
| TOTAL | \$ 54,674 | \$ 25,925 | \$ 80,599 | \$ 4,809 | \$ 85,408 | 100.00% | | 9.08% |

| <u>RANGE OF REASONABLENESS</u> | <u>LOW</u> | <u>HIGH</u> |
|--------------------------------|------------|-------------|
| RETURN ON EQUITY | 7.98% | 9.98% |
| OVERALL RATE OF RETURN | 8.40% | 9.75% |

TANGERINE WATER COMPANY, INC.
 SCHEDULE OF WATER OPERATING INCOME
 TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 3
 DOCKET NO. 981663-WU

| | <u>TEST YEAR PER UTILITY</u> | <u>COMM. ADJ. TO UTILITY</u> | <u>COMM. ADJUSTED TEST YEAR</u> | <u>ADJUST. FOR INCREASE</u> | <u>TOTAL PER COMM.</u> |
|---------------------------|----------------------------------|----------------------------------|---|-------------------------------------|----------------------------|
| OPERATING REVENUES | \$ 45,746 | \$ (7,406) A | \$ 38,340 | \$ 47,604 E | \$ 85,944 |
| | | | | 124.16% | |
| OPERATING EXPENSES: | | | | | |
| OPERATION AND MAINTENANCE | \$ 31,707 | \$ 30,824 B | \$ 62,531 | \$ 0 | \$ 62,531 |
| DEPRECIATION (NET) | 1,562 | 4,218 C | 5,780 | 0 | 5,780 |
| AMORTIZATION | 0 | 0 | 0 | 0 | 0 |
| TAXES OTHER THAN INCOME | 5,798 | 1,941 D | 7,739 | 2,142 F | 9,881 |
| INCOME TAXES | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSES | \$ 39,067 | \$ 36,983 | \$ 76,050 | \$ 2,142 | \$ 78,192 |
| OPERATING INCOME/(LOSS) | \$ 6,679 | | \$ (37,710) | | \$ 7,752 |
| WATER RATE BASE | \$ 51,155 | | \$ 85,408 | | \$ 85,408 |
| RATE OF RETURN | <u>13.06%</u> | | <u>-44.15%</u> | | <u>9.08%</u> |

TANGERINE WATER COMPANY, INC.
 ADJUSTMENTS TO OPERATING INCOME
 TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 3A
 PAGE 1 OF 2
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| A. OPERATING REVENUES | WATER |
|--|-------------------|
| 1. To reflect revenues using the accrual method of accounting. | \$ <u>(7,406)</u> |
| | |
| B. OPERATION AND MAINTENANCE EXPENSES | |
| 1. (601) Salaries and Wages - Employees | |
| a. To capitalize labor for new billing system. | \$ (500) |
| b. To increase salaries to commission approved amounts. | <u>21,478</u> |
| | \$ <u>20,978</u> |
| | |
| 2. (616) Fuel for Power Production | |
| a. To increase to commission approved amount. | \$ <u>207</u> |
| | |
| 3. (618) Chemicals | |
| a. To adjust for refund of sales tax. | \$ (112) |
| b. To remove out of test year expense | <u>(251)</u> |
| | \$ <u>(363)</u> |
| | |
| 4. (620) Materials and Supplies | |
| a. To remove non-utility expenses. | \$ (39) |
| b. To remove out of period expense. | <u>(43)</u> |
| | \$ <u>(82)</u> |
| | |
| 5. (635) Contractual Services - Testing | |
| a. To allow for all DEP required water testing. | \$ <u>775</u> |
| | |
| 6. (636) Contractual Services - Other | |
| a. To remove unsupported repair expense. | \$ (150) |
| b. To reflect repair expenses amortized over five years. | 2,408 |
| c. To include 40 yards of rock for plant grounds amortized over 5 years. | 126 |
| d. To include normal yearly repair and maintenance. | 237 |
| e. To include annual maintenance on emergency generator. | 948 |
| f. To include line flushing expense. | 150 |
| g. To include expense for meter reading. | 600 |
| h. To allow for water plant grounds keeping. | 540 |
| i. To include meter change-out program. | <u>825</u> |
| | \$ <u>5,684</u> |
| | |
| 7. (640) Rent | |
| a. To include commission approved office rent. | \$ <u>3,000</u> |
| | |
| 8. (650) Transportation Expense | |
| a. To include commission approved transportation expense. | \$ <u>643</u> |
| | |
| 9. (655) Insurance Expense | |
| a. To increase general liability coverage to \$1M. | \$ 455 |
| b. To remove out of period expense. | <u>(935)</u> |
| | \$ <u>(480)</u> |
| | |
| 10. (665) Regulatory Commission Expenses | |
| a. To reflect \$1,000 rate case filing fee amortized over 4 years. | \$ (750) |
| b. To include CPA's rate case expense. | <u>142</u> |
| | \$ <u>(608)</u> |
| | |
| 11. (670) Bad Debt Expense | |
| a. To allow commission approved bad debt expense. | \$ <u>613</u> |
| | |
| 12. (675) Miscellaneous Expenses | |
| a. To remove out of period expense. | \$ (106) |
| b. To include 5 year amortized consumptive use permit fee. | 80 |
| c. To allow emergency pager service. | <u>483</u> |
| | \$ <u>457</u> |
| | |
| TOTAL O & M ADJUSTMENTS | \$ <u>30,824</u> |

TANGERINE WATER COMPANY, INC.
ADJUSTMENTS TO OPERATING INCOME
TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 3A
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WATER

C. DEPRECIATION EXPENSE

| | | |
|----|--|-----------------|
| 1. | To reflect commission approved test year depreciation expense. | \$ 4,668 |
| 2. | To reflect depreciation expense on pro forma chlorine alarm. | 79 |
| 3. | To include DEP required transfer switch depreciation. | 141 |
| 4. | To include DEP required electrical work depreciation. | 833 |
| 5. | To include average depreciation cost for #1 pump repair . | 344 |
| 6. | To include depreciation expense on pro forma computer unit. | 316 |
| 7. | To retire existing chlorine alarm. | (37) |
| 8. | To reflect commission approved test year amortization expense. | (2,126) |
| | | <u>\$ 4,218</u> |

D. TAXES OTHER THAN INCOME

| | | |
|----|---|-----------------|
| 1. | To reflect regulatory assessment fees on commission approved test year revenue. | \$ 308 |
| 2. | To remove out of period real estate taxes. | (1,498) |
| 3. | To allow for payroll taxes on commission approved salaries. | 3,131 |
| | | <u>\$ 1,941</u> |

E. OPERATING REVENUES

| | | |
|----|--|------------------|
| 1. | To reflect increase in revenue required to cover expenses and allow approved rate of return. | <u>\$ 47,604</u> |
|----|--|------------------|

F. TAXES OTHER THAN INCOME

| | | |
|----|--|-----------------|
| 1. | To reflect regulatory assessment fee at 4.5% on increase in revenue. | <u>\$ 2,142</u> |
|----|--|-----------------|

TANGERINE WATER COMPANY, INC.
 ANALYSIS OF WATER OPERATION AND
 MAINTENANCE EXPENSE
 TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 3B
 DOCKET NO. 981663-WU

| | <u>TOTAL PER UTIL.</u> | <u>COMM. ADJUST.</u> | <u>TOTAL PER COMM.</u> |
|---|----------------------------|--------------------------|----------------------------|
| (601) SALARIES AND WAGES - EMPLOYEES | \$ 11,212 | \$ 20,978 [1] | \$ 32,190 |
| (603) SALARIES AND WAGES - OFFICERS | 0 | 0 | 0 |
| (604) EMPLOYEE PENSIONS AND BENEFITS | 0 | 0 | 0 |
| (610) PURCHASED WATER | 0 | 0 | 0 |
| (615) PURCHASED POWER | 7,826 | 0 | 7,826 |
| (616) FUEL FOR POWER PRODUCTION | 43 | 207 [2] | 250 |
| (618) CHEMICALS | 2,182 | (363)[3] | 1,819 |
| (620) MATERIALS AND SUPPLIES | 2,107 | (82)[4] | 2,025 |
| (630) CONTRACTUAL SERVICES - BILLING | 0 | 0 | 0 |
| (631) CONTRACTUAL SERVICES - PROFESSIONAL | 2,920 | 0 | 2,920 |
| (635) CONTRACTUAL SERVICES - TESTING | 420 | 775 [5] | 1,195 |
| (636) CONTRACTUAL SERVICES - OTHER | 818 | 5,684 [6] | 6,502 |
| (640) RENTS | 199 | 3,000 [7] | 3,199 |
| (650) TRANSPORTATION EXPENSE | 865 | 643 [8] | 1,508 |
| (655) INSURANCE EXPENSE | 1,900 | (480)[9] | 1,420 |
| (665) REGULATORY COMMISSION EXPENSE | 1,000 | (608)[10] | 392 |
| (670) BAD DEBT EXPENSE | 0 | 613 [11] | 613 |
| (675) MISCELLANEOUS EXPENSES | 215 | 457 [12] | 672 |
| | \$ 31,707 | \$ 30,824 | \$ 62,531 |

TANGERINE WATER COMPANY, INC.
 SCHEDULE OF RATE CASE EXPENSE RATE
 REDUCTION AFTER FOUR YEARS
 TEST YEAR ENDING DECEMBER 31, 1998

SCHEDULE NO. 4
 DOCKET NO. 981663-WU

MONTHLY RATES

| <u>RESIDENTIAL AND GENERAL SERVICE</u> | <u>COMMISSION APPROVED RATES</u> | <u>RATE DECREASE</u> |
|---|----------------------------------|----------------------|
| BASE FACILITY CHARGE: | | |
| Meter Size: | | |
| 5/8" x 3/4" | \$ 8.63 | \$ 0.01 |
| 3/4" | 12.94 | 0.02 |
| 1" | 21.56 | 0.03 |
| 1-1/2" | 43.13 | 0.07 |
| 2" | 69.01 | 0.11 |
| 3" | 138.01 | 0.21 |
| 4" | 215.64 | 0.33 |
| 6" | 431.29 | 0.66 |
| RESIDENTIAL GALLONAGE CHARGE PER 1,000 GALLONS | \$ 1.48 | \$ 0.00 |