

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of LAKE TARPON	)	DOCKET NO. 890442-WU
HOMES, INC. for a staff-assisted rate	)	ORDER NO. 22956
case in Pinellas County	)	ISSUED: 5-21-90
<hr/>		

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 BETTY EASLEY  
 GERALD L. GUNTER

ORDER APPROVING SETTLEMENT STIPULATION

BY THE COMMISSION:

On March 27, 1989, Lake Tarpon Homes, Inc. (Lake Tarpon) applied for a staff-assisted rate case. Its request was approved by letter dated May 11, 1989. On November 7, 1989, by Order No. 22160, this Commission proposed to establish final rates and charges for Lake Tarpon.

On November 28, 1989, the Lake Tarpon Mobile Home Village Association, Inc. (Association) filed a protest to Order No. 22160. The essence of the Association's protest was that there are a number of locations receiving unmetered water service. The Association contended that these locations should be metered. Pursuant to the Association's protest, this case was set for an administrative hearing on April 11, 1990.

On January 16, 1990, Utilities, Inc. of Florida (Utilities Inc.) entered into a contract to purchase Lake Tarpon, subject to the approval of this Commission. On February 12, 1990, Utilities Inc. filed a motion to substitute parties and to dispense with hearing. By its motion, Utilities Inc. requested that it be substituted as a party for Lake Tarpon. In addition, according to its motion, there was an addendum to the purchase agreement by which Utilities Inc. agreed to meter the unmetered locations. Accordingly, Utilities Inc. argued that there were no material issues of fact in controversy in this case and that the hearing should be cancelled. Notwithstanding the above, however, a withdrawal of the Association's protest was not immediately forthcoming.

DOCUMENT NUMBER-DATE  
 04412 MAY 21 1990  
 FPSC-RECORDS/REPORTING

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On February 8, 1990, Utilities Inc. filed a motion to suspend the current case schedule. According to its motion, the parties were in the process of drafting a settlement. Therefore, Utilities Inc. argued that the case schedule for this matter should be suspended pending the finalization of a proposed settlement. Again, however, a proposed settlement was not immediately forthcoming.

After further negotiation, on March 22, 1990, a settlement stipulation was finally executed. A facsimile copy of the settlement stipulation was delivered to this Commission on that date; the original was filed on or about March 26, 1990. By Order No. 22748, issued March 28, 1990, Utilities Inc.'s motions to substitute parties, to dispense with hearing, and to suspend case schedule were granted, pending our disposition of the settlement stipulation.

The main thrust of the settlement stipulation is that Utilities Inc. will meter the unmetered connections that were the subject of the Association's objection. In addition, the settlement agreement provides that the Commission will recalculate the rate base and revenue requirement proposed by Order No. 22160 to reflect the cost of the additional meters, and the rates to reflect the bills and estimated water consumption for these connections. The agreement further provides that the rates will be recalculated based upon a bi-monthly, rather than a quarterly, billing cycle. The settlement stipulation is appended hereto as Attachment A. Revised accounting schedules are appended as Attachment B, and a comparison of the rates proposed by Order No. 22160 and those resulting from the settlement stipulation is appended as Attachment C.

Upon consideration, we find that the settlement stipulation is a reasonable disposition of the parties' differences. Accordingly, it is approved. In addition, since the parties have no further objections to Order No. 22160, that Order is revived and is hereby declared to be final and effective, subject to the modifications regarding meters, rate base, revenue requirement, rates, and billing cycle discussed above. All other provisions of Order No. 22160 remain unaffected by this order.

It is, therefore,

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ORDERED by the Florida Public Service Commission that the settlement stipulation between Utilities Inc. and the Lake Tarpon Mobile Home Village Association, Inc., appended to this order as Attachment A, is hereby approved. It is further

ORDERED that Order No. 22160 is revived, and is hereby declared to be final and effective, subject to the modifications regarding meters, rate base, revenue requirement, rates, and billing cycle, discussed in the body of this Order. It is further

ORDERED that Order No. 22160 is affirmed in all other respects.

By ORDER of the Florida Public Service Commission this 21st day of MAY, 1990.

\_\_\_\_\_  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

RJP

by: Kay Flynn  
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.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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Attachment A  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of LAKE TARPON)  
 HOMES, INC. for a staff-assisted ) Docket No. 890442-SU  
 rate case in Pinellas County )  
 \_\_\_\_\_ ) Filed:

SETTLEMENT STIPULATION

Utilities, Inc. of Florida ("applicant"), and petitioner Lake Tarpon Mobile Home Village Association, Inc., hereby agree to the following:

1. The Notice of Proposed Agency Action, Order Setting Final Rates, Order No. 22160 issued November 7, 1989, in this case is acceptable to applicant and petitioner and neither party has any objections thereto except as to the matters detailed in paragraphs 2 and 3 of this stipulation.

2. Within 90 days of the effective date of the final order in this docket, the applicant will install meters of such size and in such configuration to ensure that water service rendered to the following presently unmetered facilities are appropriately measured and billed in accordance with the utility's approved tariff:

- a) The apartment complex;
- b) the boat dock;
- c) the recreation center;  
including the swimming pool and sauna or bath house;
- d) the office building of the former owner of the utility, Mr. Kimball, and the common grounds adjoining that office and recreation center.

3. Staff will recommend modifications of the rates contained in Order No. 22160, due to the effect of the metering

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Attachment A  
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described in paragraph 2 above (copy of Schedule No. 4 attached hereto as Exhibit A). The parties agree with this staff recommendation and have no objections thereto.

4. The parties agree to change the billing cycle from quarterly to bi-monthly. The change is reflected on Exhibit A hereto.

5. Based upon the matter discussed in paragraphs 1 through 3 above, petitioner withdraws its request for hearing in this docket.

6. All parties enter into this stipulation in a spirit of compromise to avoid further time-consuming and expensive proceedings in this docket. This stipulation, therefore, cannot be interpreted as an acquiescence by any party on any issue not specifically addressed by this stipulation. The parties, by entering into this stipulation, do not forgo their right to seek appropriate relief or to raise any lawful issue in any subsequent proceeding involving this utility company.

7. This stipulation is subject to the approval of the Florida Public Service Commission. In the event this stipulation is not approved in total by the Florida Public Service Commission, the parties will be free to pursue any and all issues in this docket and in any subsequent proceeding conducted by the Florida Public Service Commission, as if this stipulation had not been entered into by the parties.

8. The parties will bear their own costs and attorneys fees resulting from this proceeding.

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Attachment A  
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Executed on the dates indicated below.

Wayne L. Schiefelbein 3/20/90  
WAYNE L. SCHIEFELBEIN Date  
Gatlin, Woods, Carlson & Cowdery  
1709-D Mahan Drive  
Tallahassee, FL 32308  
(904) 877-7191

Attorneys for Utilities, Inc. of Florida

Jack Willis Jr. - V.P. - Lake Tarpon M.H.V. Assoc.  
William Carlson, Acting President Date  
Lake Tarpon Mobile Home Village  
Association, Inc.  
68 Harbor Way  
Palm Harbor, FL 35684

ADHOC Comm.  
WATER ADVISORY

*John J. [unclear]*  
*Walter [unclear]*  
*James [unclear]*  
*Robert [unclear]*

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Attachment A  
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Schedule No. 4

LAKE TARPON HOMES, INC.  
 DOCKET NO. 890442-WU  
 TEST YEAR: 5/31/89

RATE SCHEDULE

WATER

Schedule of Current and Recommended Rates

	Present
	Quarterly
Residential and General Service	
Minimum Charge, 1st 13,000 Gallons	\$8.25
Gallonage Charge, per 1,000 14,000 Gallons to 25,000 Gallons	\$0.55
Gallonage Charge, per 1,000 Over 25,000 Gallons	\$0.45

COMMISSION  
 APPROVED

BI-MONTHLY  
 RATES

Residential and General Service	INTERMEDIATE *	FINAL
Base Facility Charge:		
Meter Size:		
5/8"x3/4"	\$6.62	\$7.96
1"	16.55	19.90
1-1/2"	33.10	39.80
2"	52.96	63.68
3"	105.93	127.36
Gallonage Charge per 1,000 G.	\$0.43	\$0.52

\* Intermediate rates allow 1/2 of  
 the recommended rate increase.

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LAKE TARPON HOMES, INC.  
 WATER RATE BASE  
 TEST YEAR ENDED 5/31/89

SCHEDULE NO. 1(a)  
 DOCKET NO. 890442-WU

PAGE 1 OF 1

	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	BALANCE PER STAFF
	-----	-----	-----
UTILITY PLANT IN SERVICE	\$ 0	\$ 158,732	\$ 158,732
LAND/NON-DEPRECIABLE ASSETS	0	6,106	6,106
PROPERTY HELD FOR FUTURE USE	0	0	0
ADVANCES FOR CONSTRUCTION	0	0	0
C.V.I.P.	0	0	0
C.I.A.C.	0	(137,940)	(137,940)
ACCUMULATED DEPRECIATION	0	(72,319)	(72,319)
NET ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF C.I.A.C.	0	69,031	69,031
WORKING CAPITAL ALLOWANCE	0	6,466	6,466
	-----	-----	-----
RATE BASE	\$ 0	\$ 30,076	\$ 30,076
	-----	-----	-----

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SCHEDULE NO. 1(b)  
 PAGE 1 OF 1

LAKE TARPON HOMES, INC.  
 TEST YEAR ENDS 5/31/89  
 ADJUSTMENTS TO RATE BASE

	WATER
1. UTILITY PLANT IN SERVICE	
a.) Includes original cost per staff engineer	\$156,184
b.) Includes audited plant additions	4,595
c.) Reflects average plant balance	(2,047)
	-----
TOTAL ADJUSTMENT	\$158,732
	-----
2. LAND	
Includes original cost of land	\$6,106
	-----
3. CONTRIBUTIONS IN AID OF CONSTRUCTION	
Imputes original cost of transmission and distribution system as CIAC	(\$137,940)
	-----
4. ACCUMULATED DEPRECIATION	
a.) Includes accumulated depreciation for original cost and plant additions	(\$75,237)
b.) Reflects average balance	2,918
	-----
TOTAL ADJUSTMENT	(\$72,319)
	-----
5. ACCUMULATED AMORTIZATION OF CIAC	
a.) Includes accumulated amortization for imputed CIAC	\$71,342
b.) Reflects average balance	(2,311)
	-----
TOTAL ADJUSTMENT	\$69,031
	-----
6. WORKING CAPITAL	
Includes 1/8 of O & M expenses as an allowance for working capital	\$6,466
	-----

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LAKE TARPON HOMES, INC.  
 CAPITAL STRUCTURE  
 TEST YEAR ENDED 5/31/89

SCHEDULE NO. 2  
 DOCKET NO. 890442-WU

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	TEST YEAR BALANCES	STAFF ADJUSTMENTS TO BAL.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
LONG TERM DEBT	\$786,628	(\$766,379)	\$20,249	67.33%	9.33%	6.28%
SHORT TERM DEBT	0	0	\$0	0.00%	0.00%	0.00%
COMMON EQUITY	130,437	(127,079)	\$3,358	11.17%	12.00%	1.34%
CUSTOMER DEPOSITS	6,469	0	\$6,469	21.51%	8.00%	1.72%
TOTAL	\$923,534	(\$893,458)	\$30,076	100.00%		9.34%

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LAKE TARPON HOMES, INC.  
 WATER OPERATING STATEMENT  
 TEST YEAR ENDING 5/31/89

SCHEDULE NO.3(a)  
 DOCKET NO. 890442-WU

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	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS TO UTIL. BAL.	STAFF ADJUSTED TEST YEAR	STAFF ADJUSTMENT FOR INCREASE	BALANCE PER STAFF
OPERATING REVENUES	\$33,640	\$3,212	\$36,852	\$22,554	\$59,406
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	16,187	35,538	51,725	0	51,725
DEPRECIATION	0	757	757	0	757
AMORTIZATION	0	0	0	0	0
TAXES OTHER THAN INCOME	953	2,599	3,552	564	4,116
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$17,140	\$38,894	\$56,034	\$564	\$56,598
OPERATING INCOME/(LOSS)	\$16,500	(\$35,682)	(\$19,182)	\$21,990	\$2,808
RATE BASE	\$0		\$30,076		\$30,076
RATE OF RETURN	N/A		-63.78%		9.34%

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SCHEDULE NO. 3(b)  
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LAKE TARPON HOMES, INC.  
 TEST YEAR ENDS 5/31/89  
 ADJUSTMENTS TO OPERATING STATEMENT

	WATER
	-----
1. OPERATING REVENUE	
a.) Adjusts present rates to billing analysis	\$3,212
	*****
2. OPERATING AND MAINTENANCE EXPENSES	
a.) Includes allocated employee's salaries	24,778
b.) Includes allocated officer's salary	4,290
c.) Match purchased power to invoice	825
d.) Corrects recording of purchased power	214
e.) Removes duplicate recording of expense	(882)
f.) Adjusts chemicals to amount per engineer	(1,433)
g.) Allows meter replacement expense	1,000
h.) Amortization of apartment meter	133
i.) Annualize contract operator's fees	275
j.) Allow payment by related division	107
k.) Allow pro forma amount for testing	1,000
l.) Removes non-utility transportation expense	(1,260)
m.) Allocates insurance to utility	574
n.) Allows legal expense for transfer	272
o.) Amortizes filing fees over 4 years	450
p.) Allocates rent and office expense to utility	5,070
q.) Includes additional postage expense	125
	-----
TOTAL ADJUSTMENT	\$35,538
	*****
3. DEPRECIATION	
Reflects depreciation at 3.64% composite rate	\$757
	*****
4. TAXES, OTHER	
a.) Includes property taxes	\$207
b.) Allocates payroll taxes to utility	2,311
c.) Matches regulatory assessment fees to adjusted revenue	81
	-----
	\$2,599
	*****

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SCHEDULE NO. 3(b)  
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LAKE TARPON HOMES, INC.  
TEST YEAR ENDS 5/31/89  
ADJUSTMENTS TO OPERATING STATEMENT

	WATER
	-----
5. OPERATING REVENUE	
Increases revenue to allow a 9.34% return	
on rate base	\$22,554
	*****
6. TAXES, OTHER	
Matches regulatory assessment fees to	
increased revenue	\$564
	*****

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 LAKE TARPON HOMES, INC.  
 WATER O & M EXPENSES  
 TEST YEAR ENDS 5/31/89

SCHEDULE NO. 3(c)  
 PAGE 1 OF 1

ACCOUNT NO.		UTILITY BALANCE	COMMISSION ADJUSTMENT	COMMISSION BALANCE
601	SALARIES AND WAGES - EMPLOYEES	0	24,778	24,778
603	SALARIES AND WAGES - OFFICERS	0	4,290	4,290
615	PURCHASED POWER	3,909	157	4,066
618	CHEMICALS	2,128	(1,433)	695
620	MATERIALS AND SUPPLIES	1,389	1,133	2,522
630	CONTRACTUAL SERVICES	5,955	1,382	7,337
650	TRANSPORTATION EXPENSES	1,800	(1,260)	540
655	INSURANCE EXPENSE	0	574	574
665	REGULATORY COMMISSION EXPENSE	0	722	722
675	MISCELLANEOUS EXPENSES	1,006	5,195	6,201
		<u>\$16,187</u>	<u>\$35,538</u>	<u>\$51,725</u>

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## ATTACHMENT C

WATER RATES  
 Comparison between the original PAA  
 rates and the rates per the stipulation.

LAKE TARPON HOMES, INC.  
 DOCKET NO. 890442-WU  
 TEST YEAR: 5/31/89

Residential and General Service	Original PAA Rates- Quarterly	Rates per Stipulation- Bi-monthly
----- Base Facility Charge		
Meter Size		
5/8" by 3/4"	\$12.13	\$7.96
1"	30.33	19.90
1-1/2"	60.65	39.80
2"	97.04	63.68
3"	194.08	127.36
Gallonge Charge per 1000 gallons	\$0.52	\$0.52

Note : The stipulation rates have a slightly lower base facility charge. The gallonge rate does not change. For example, the original PAA Base Facility Charge of \$12.13 would be \$8.08 on a bi-monthly basis.