

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation of rates) DOCKET NO. 950170-WS
of Marion Utilities, Inc. in) ORDER NO. PSC-95-1193A-FOF-WS
Marion County for possible) ISSUED: November 30, 1995
overearnings.)
_____)

AMENDATORY ORDER

On September 22, 1995, this Commission issued Order No. PSC-95-1193-FOF-WS, approving a settlement proposal submitted by Marion Utilities, Inc. (Marion). Included in the Order was a copy of the settlement proposal. The settlement proposal totalled eight pages. Only five of the eight pages were actually included in the Order.

Included as Attachment A to this Amendatory Order are the remaining three pages. Order No. PSC-95-1193-FOF-WS, is hereby amended to include the remaining three pages of Marion's settlement proposal.

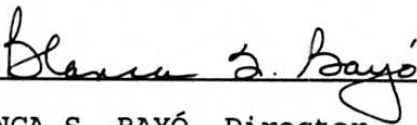
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Order No. PSC-95-1193-FOF-WS, is hereby amended as set forth in the body of this Amendatory Order. It is further

ORDERED that Attachment A is incorporated herein by reference. It is further

ORDERED that Order No. PSC-95-1193-FOF-WS, is reaffirmed in all other respects.

By ORDER of the Florida Public Service Commission, this 30th day of November, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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DOCUMENT NUMBER-DATE

11952 NOV 30 85

FPSC-RECORDS/REPORTING

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5. Plant in service - water should be increased by \$3,736 to reflect the combined effect of a new vehicle purchase and the retirement of the old vehicle (Audit disclosure number 4). Corresponding adjustments should also be made to decrease accumulated depreciation by \$4,847 and to increase depreciation expense and insurance expense by \$284 and \$131, respectively.
6. Plant in service - water should be decreased by \$8,200 to remove an excess vehicle (Audit disclosure number 5). Corresponding adjustments should also be made to decrease accumulated depreciation and depreciation expense by \$2,050 and \$1,640, respectively. In addition, corresponding adjustments should also be made to decrease insurance expense by \$870 and registration expense by \$33.
7. The following adjustments to utility plant in service should be included only on a prospective basis:
 - a. Plant in service - water should be increased by \$159,928 to include proforma adjustments to plant on a going forward basis. In addition, plant in service should be decreased by \$42,870 to record retirements of plant associated with the proforma adjustments. Corresponding adjustments should also be made to reduce accumulated depreciation by \$32,283 associated with the plant retirements. The adjustment for the test year depreciation is included in the calculation for the change in water depreciation rates (see item number 11).
 - b. Plant in service - wastewater should be increased by \$17,401 to include proforma adjustments to plant on a going forward basis. The adjustment for test year depreciation is included in the calculation for the change in wastewater depreciation rates (see item number 12).
8. Land and land rights - water should be adjusted as stated in Audit exception number 1, as follows:
 - a. An adjustment should be made to remove engineering survey costs of \$990 from the land account. In addition, plant in service should be increased by this same amount to reclassify the survey costs into the transmission and distribution lines account. A corresponding adjustment should also be made to increase accumulated depreciation by \$179. The adjustment to record test year depreciation for the plant increase is incorporated in the adjustment for Audit exception number 9.
 - b. The land account should be decreased by \$8,515 for additions that were incorrectly recorded on the books.
 - c. The land account should be increased by \$24,804 to reflect utility land never recorded on the books.

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15. CIAC - wastewater should be increased by \$32,891 to reflect total CIAC of \$159,141. CIAC was originally recorded on the company's books net of amortization. The company has been calculating yearly amortization expense using the net amount.
16. The utility's amortization rate for CIAC - wastewater should be adjusted as set forth in Rule 25-30.140, Florida Administrative Code (Audit exception number 16).
 - a. In calculating the refund amount, an adjustment should be made to increase accumulated amortization of CIAC and CIAC amortization expense by \$44,057 and \$2,822, respectively, in order to reflect the adjustment made to CIAC - wastewater (item number 15 above) and to adjust the amortization rate.
 - b. On a prospective basis, the appropriate adjustment should be to increase accumulated amortization of CIAC and CIAC amortization expense by \$43,714 and \$2,479, respectively, in order to reflect the adjustment made to CIAC - wastewater (item number 15 above) and to adjust the amortization rate. The difference is due to a change in the composite depreciation rates calculated when the proforma adjustments are included.
17. Net Debit Deferred Taxes in the amount of \$59,150 should be included in the water rate base for the deferred income tax asset applicable to CIAC.
18. Working capital allowance was calculated using the balance sheet approach, pursuant to Rule 25-30.433, Florida Administrative Code, which states that this is the appropriate method for Class A utilities:
 - a. For refund purposes, the appropriate working capital allowance is zero.
 - b. On a prospective basis, the appropriate working capital allowance is \$702 and \$21 for water and wastewater, respectively. The positive balances are the result of including the average unamortized balances calculated over four years for rate case expenses and a deferred debit for a proforma expense.
19. The appropriate test year rate base should be:
 - a. For purposes of calculating the refund amount, the appropriate test year rate base should be \$675,258 and (\$91) for water and wastewater, respectively.
 - b. On a going forward basis, the appropriate test year rate base should be \$765,344 and \$8,316 for water and wastewater, respectively.

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27. The following expense adjustments should be included on a prospective basis only:
- a. Operation and maintenance expenses - water should be increased by \$6,548 to incorporate expense increases on a prospective basis. These expense adjustments should be allocated in accordance with the utility's common expenses (see item 28 below).
 - b. Operation and maintenance expenses - wastewater should be increased by \$6,045 to incorporate expense increases on a prospective basis.
28. The company does not allocate common expenses to the wastewater system or to the nonregulated wastewater system; therefore, these expenses should be allocated based on number of connections:
- a. In calculating the refund amount, operation and maintenance expenses - water should be decreased by \$4,654 (Audit exception number 14). In addition, operation and maintenance expenses for wastewater and nonregulated wastewater should be increased by \$2,503 and \$2,151, respectively.
 - b. On a prospective basis, operation and maintenance expenses - water should be decreased by \$4,874 (Audit exception number 14). In addition, operation and maintenance expenses for wastewater and nonregulated wastewater should be increased by \$2,695 and \$2,179, respectively.

REVENUE REQUIREMENT

29. The appropriate revenue requirement should be:
- a. In calculating the refund amount, the appropriate revenue requirement for the water system is \$779,834, which results in a decrease in revenues of \$83,826, or a 9.71% decrease.
 - b. On a prospective basis, the appropriate revenue requirement for the water system is \$795,038, which results in a decrease in revenues of \$68,622, or an 7.95% decrease.

RATES

30. The total amount of overearnings for the test year ending June 30, 1994 equals \$83,826 or 10.07% of operating revenues, excluding miscellaneous service charge revenues.
31. The utility should refund overearnings totaling 10.07% of water service revenues, which are being held subject to refund, pursuant to Order number PSC-95-0424-FOF-WS, issued March 29, 1995. These refunds will be made as required by Rule 25-30.360, Florida Administrative Code.