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OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

APPLICATION FOR A CHANGE
IN PLANT CAPACITY CHARGES

960408-W4

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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CRIPPEN, CRIPPEN & Co.

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ROBERT G. SHAVER
C.P.A.

To the Board of Directors
Ocala Oaks Utilities, Inc.
Ocala, Florida

We have compiled the application for a change in plant capacity charges for Ocala Oaks Utilities, Inc., as of November 30, 1995, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The application has been prepared in conformity with the accounting practices prescribed for water and wastewater utilities by the Florida Public Service Commission, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our compilation is limited to presenting in the form prescribed by the Florida Public Service Commission under the provisions of Section 25-30.565, F.A.C. information that is the representation of management. We have not audited or reviewed the accompanying application and, accordingly, do not express an opinion or any other form of assurance on it.

The application is presented in accordance with the requirements of the Florida Public Service Commission, which differs from generally accepted accounting principles. Accordingly, the application is not designed for those who are not informed about such differences.

Crippen Crippen & Co.

March 26, 1996

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Ocala Oaks Utilities, Inc.
Ocala, Florida

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OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

INDEX

<u>Paragraph of Rule 25-30.565</u>		<u>Page No</u>
(4)(a)	Notice Provisions	1
(4)(b)	Name of Applicant, Place of Business, etc.	2
(4)(c)	Previous Commission Orders	3
(4)(d)	Basis for the Increase in Charges	4
(4)(e)	Original Cost	5
(4)(f)	Accumulated Depreciation	6
(4)(g)	Active Customers	7
(4)(h&i)	Summary of Water Plant Capacity	8
(4)(j&k)	Outstanding Developer Contracts and Related Information	9
(4)(l&m)	Contributions in Aid of Construction and Amortization	10
(4)(n)	Copies of Approvals and Permits	11
(4)(o,p,q)	Plant Expansion	12
(4)(r)	Customer Growth	13
(4)(s)	Method of Calculating Plant Capacity Charges	14
(4)(t)	Meter Cost	15
(4)(u)	Summary of Present and Proposed Charges	16
(4)(v)	Capitalization and Cost of Capital	17
(4)(w)	Existing and Proposed Tariffs (Submitted)	18-25
(5)	Copy of Application is available for public inspection	26
(6)	Appropriateness	27

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

NOTICE OF APPLICATION

The notice provisions of Section 25-22.0408, F.A.C., have been complied with as follows:

(2) A copy of the application has been placed at the Utility's business office address as identified in the Application. The copy of the Application is available for public inspection during the Utility's regular business hours.

(3)(a) Arrangements have been made to publish the Notice of Application in the Ocala Star Banner on or about March 31, 1996.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Ocala Oaks Utilities, Inc.)
 for Approval of Increase in Water Plant Capacity)
Charges in Ocala, Florida for All Water Systems)

Date Issued: _____

NOTICE OF APPLICATION

Ocala Oaks Utilities, Inc. will apply to the Florida Public Service Commission for an increase in Water Plant Capacity Charges in Marion County, Florida for All Water Systems. The Plant Capacity charges are to pay for prior and future expansion in the utility systems. The charges are to be paid by new connections and not existing customers. A copy of the Application may be inspected at the office of Ocala Oaks Utilities, Inc. at the following location:

1343 N. E. 17th Road
 Ocala, Florida 34470-4609
 (352) 732-3504
 Hours: Monday-Thursday
 9:00 a.m. - 4:30 p.m.
 Friday
 9:00 a.m. - 12:00 p.m.

It is proposed that the Plant Capacity Charge for water be increased from \$200 to \$430 per Equivalent Residential Connection (ERC).

An Equivalent Residential Connection (ERC) means (a) 350 gallons per day for water, (b) the number of gallons the utility demonstrates is the average daily flow for a single residential unit, or (c) the number of gallons which has been approved by the Department of Environmental Protection for a single residential unit. The Company's application proposes using average daily flows of 350 gallons per ERC for water in calculating applicable plant capacity charges.

This application is for final approval for increased Plant Capacity Charges.

Any comments concerning this Application should be addressed to the Director of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. A copy of said comments should be mailed to the C.P.A. for the Applicant at the address given below:

Deanna J.O. Grant
 Crippen, Crippen & Co., CPA's
 40 S. E. 11th Avenue
 Ocala, Florida 34471

(352) 732-4260
 C.P.A. for Applicant
 Ocala Oaks Utilities, Inc.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

PREVIOUS COMMISSION ORDERS
ESTABLISHING SERVICE AVAILABILITY POLICY

Order No. PSC-21831
Docket No. 881098-WU
Issued 09/05/89

Order acknowledging Withdrawal of
Protests, Declaring Order No. 21349
to be Final and Effective, and Closing
Docket

Order No. PSC-21349
Docket No. 881098-WU
Issued 06/07/89

Notice of Proposed Agency Action-
Order Setting Final Rates and
Modifying Service Availability Policy

Order No. PSC-12134
Docket No. 820046-W
Issued 06/13/83

Staff Assisted Rate Case

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

BASIS FOR INCREASE IN CHARGES

The Company proposes to increase the Plant Capacity Charges for water service from \$200 to \$430 per ERC.

The existing plant capacity charge has remained unchanged since it was approved by a staff assisted rate case in Docket No. 820046-W, Order No. 12134, issued June 13, 1983. The same charge was administratively approved in 1986 and was also addressed and established in the Company's most recent rate case, issued June 7, 1989.

Since December 31, 1987, the test year used in the rate case order issued June 7, 1989, the Company has undergone steady plant expansion and customer growth. Utility plant in service and land has increased 67% and net depreciable utility plant has grown 36%. This growth is primarily the result of two expansions. The first expansion occurred in 1992 with the addition of the Tanglewood Water Plant, which increased the Company's capacity to serve over 140 ERCs. The second expansion occurred in 1994 with the purchase of Belleview Hills Estates Water System. This system provides the Company with the capacity to serve an additional 380 ERCs at build-out.

The Company's level of C.I.A.C. at December 31, 1987 was 58%. The level of C.I.A.C. at November 30, 1995 was 53%, resulting in a decrease in C.I.A.C. collected in relation to the Company's investment in plant in service. Accordingly, the Company is respectfully requesting an increase in its plant capacity charge to offset the acquisition, improvement and construction costs incurred as well as placing the Company at a 75% contribution level at design capacity, which is in accordance with Rule 25-30.580

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

ORIGINAL COST OF PROPERTY
November 30, 1995

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
303	Land and Land Rights	\$ 96,802
304	Structures and Improvements	108,169
307	Wells and Springs	86,677
309	Supply Mains	1,337
310	Power Generation Equipment	* 30,264
311	Pumping Equipment	73,373
320	Water Treatment Equipment	27,192
330	Distribution Reservoirs and Standpipes	100,446
331	Transmission and Distribution Mains	587,002
333	Services	7,701
334	Meters and Meter Installation	72,777
339	Other Plant and Miscellaneous Equipment	1,122
340	Office Furniture and Equipment	23,480
341	Transportation Equipment	** 68,073
343	Tools, Shop and Garage Equipment	3,866
346	Communication Equipment	<u>4,983</u>
	Total Water Plant	<u>\$1,293,264</u>

* Includes a proforma adjustment to reflect the addition of a generator for Belleview Hills Estates water system in the amount of \$15,000 to be purchased in 1996.

** Includes a proforma adjustment to reflect the addition of two service trucks in the amount of \$40,000 to be purchased in 1996.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

ACCUMULATED DEPRECIATION
November 30, 1995

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
304	Structures and Improvements	\$ 32,744
307	Wells and Springs	35,191
309	Supply Mains	193
310	Power Generation Equipment	5,824
311	Pumping Equipment	33,375
320	Water Treatment Equipment	16,554
330	Distribution Reservoirs and Standpipes	26,249
331	Transmission and Distribution Mains	158,872
333	Services	1,056
334	Meters and Meter Installation	33,569
339	Other Plant and Miscellaneous Equipment	161
340	Office Furniture and Equipment	13,783
341	Transportation Equipment	22,097
343	Tools, Shop and Garage Equipment	1,024
346	Communication Equipment	<u>3,549</u>
	Total Accumulated Depreciation	<u>\$384,241</u>

OCALA OAKS UTILITIES, INC.
 Ocala, Florida
 ALL WATER SYSTEMS

ACTIVE CUSTOMERS
 November 30, 1995

ERC

<u>Meter Size</u>	<u>5/8"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>	<u>Total Meters</u>	<u>Total Units (x)</u>	<u>Factor (y)</u>	<u>Total (x*y)</u>
Residential	1,268								1,268	1,268	1.00	1,268
Residential				1					1	1	8.00	8
Totals	1,268			1					1,269	1,269		1,276

Note: PSC Rule 25-30.020(1) defines an equivalent residential connection (ERC) to be 350 gallons per day (gpd) for water service.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

SUMMARY OF
WATER PLANT CAPACITY

The existing plant has the capacity to serve approximately 1,689 ERCs at design capacity. Therefore, the utility is in the position to serve an additional 413 ERCs over the current customer base. (Existing ERC 1,276, less design capacity 1,689 = 413)

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

OUTSTANDING DEVELOPER CONTRACTS AND RELATED INFORMATION

The Company does not have any outstanding developer agreements as of the date of this application

:

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

CONTRIBUTIONS IN AID OF CONSTRUCTION
AND AMORTIZATION
November 30, 1995

Gross CIAC	\$676,187
Amortization	<u>190,848</u>
Net CIAC	<u>\$485,339</u>

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

COPIES OF APPROVALS AND PERMITS

The Company maintains all of the necessary operating permits required by the State of Florida Department of Environmental Protection.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS
PLANT EXPANSION

The Company does not have any proposed plant expansion as of the date of this application.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

CUSTOMER GROWTH

	Total Customers	Yearly Average	Growth
12/31/89	980	-	-
12/31/90	1,007	994	-
12/31/91	1,041	1,024	30
12/31/92	1,062	1,052	28
12/31/93	1,087	1,075	23
12/31/94	1,112	1,100	25
11/30/95	1,269	1,191	91
Growth			197
Years			5
Growth/Year			39
Used			85

The estimated growth is 85 ERCs per year. While the average has been 39 per year for the last 5 years, the utility is expecting significant growth in future periods as indicated by the 1995 and 1996 years. Therefore, an average of 85 ERCs is used for future periods. At this rate of growth, the water systems will be fully utilized in 5 years. $(413 / 85 = 5)$

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

METHOD OF CALCULATING PLANT CAPACITY CHARGES

GROSS BOOK VALUE	1,293,264
LAND	96,802
DEPRECIABLE ASSETS	1,196,462
ACCUMULATED DEPRECIATION TO DATE	384,241
ACCUMULATED DEPRECIATION AT DESIGN CAPACITY	533,799
NET PLANT AT DESIGN CAPACITY	759,465
TRANSMISSION & DISTRIBUTION/COLLECTION LINES	587,002
MINIMUM LEVEL OF C.I.A.C.	45.39%
C.I.A.C. TO DATE	676,187
ACCUMULATED AMORTIZATION OF C.I.A.C. TO DATE	190,848
NET C.I.A.C. TO DATE	485,339
LEVEL OF C.I.A.C. TO DATE	53.39%
ACCUMULATED AMORTIZATION OF C.I.A.C. AT DESIGN CAPACITY	275,371
FUTURE CUSTOMERS (ERC) TO BE CONNECTED	413
COMPOSITE DEPRECIATION RATE	2.50%
COMPOSITE C.I.A.C. AMORTIZATION RATE	2.50%
NUMBER OF YEARS TO DESIGN CAPACITY	5.00
EXISTING SERVICE AVAILABILITY CHARGE PER ERC	200.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	62.96%
NET C.I.A.C. AT DESIGN CAPACITY	478,167
REQUESTED SERVICE AVAILABILITY CHARGE PER ERC	430.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	74.67%
NET C.I.A.C. AT DESIGN CAPACITY	567,121
MINIMUM SERVICE AVAILABILITY CHARGE PER ERC	400.00
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	45.39%
NET C.I.A.C. AT DESIGN CAPACITY	555,519
MAXIMUM SERVICE AVAILABILITY CHARGE PER ERC	436.41
LEVEL OF C.I.A.C. AT DESIGN CAPACITY	75.00%
NET C.I.A.C. AT DESIGN CAPACITY	569,599

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

METER COST

The Company is not requesting an increase in their established meter installation fee. Accordingly, a schedule to determine average cost for meter installation has not been included in this application.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

SUMMARY OF PRESENT AND PROPOSED PLANT CAPACITY CHARGES

<u>Type Charge</u>	<u>Present Charges</u>	<u>Proposed Charges</u>
Plant Capacity Charge Residential - per ERC (350 GPD)	\$200.00/ERC	\$430.00/ERC
Meter Installation Fee 5/8 x 3/4"	\$100.00/ERC	No changes
Over 5/8 x 3/4"	Actual Cost	

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

CAPITALIZATION AND COST OF CAPITAL
November 30, 1995

The Company finances expansion through internally generated funds such as depreciation, deferred taxes and retained earnings.

No.	Class of Capital	Capitalization		Cost	
		Amount	%	%	Weighted %
1	Long-term debt	\$ 0	0.00	0.00	0.00
2	Short-term debt	104,919	18.34	0.00	0.00
3	Common Equity	412,949	72.18	11.03 (a)	7.96
4	Customer Deposits	20,130	3.52	6.00	20
5	Investment Tax Credits	4,567	.79	0.00	0.00
6	Accumulated deferred income tax	<u>29,580</u>	<u>5.17</u>	0.00	<u>0.00</u>
	TOTAL	<u>\$572,145</u>	<u>100.00</u>		<u>8.16</u>

(a) Per PSC Leverage Graph, Order No. PSC-95-0982-FOF-WS-Mid-point between 10.18 and 11.88.

EXISTING TARIFFS

SCHEDULE OF FEES AND CHARGES

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>SHEET NO.</u>
Main Extension Charge Explained on Sheet No. 28.0		28.0
Meter Installation Fee 5/8 X 3/4" Over 5/8 X 3/4"	\$100.00 Actual Cost	28.0
Plant Capacity Charge (per ERC)	\$200.00	28.0

EFFECTIVE: August 16, 1989

MIKE ELLZEY - V.P.

Florida Public Service Commission

APPROVED

Authority No. WS-89-0005

Docket No. 881098-WU

Order No. -----

Effective September 15, 1989

Charles H. Hill

Director
Division of Water and Sewer

SERVICE AVAILABILITY POLICY

The utility provides water service to a residential area.

The cost of transmission and distribution lines must be 100% contributed by the Developer.

A Meter Installation Fee of \$100.00 and a Plant Capacity Fee of \$200.00 is also charged to new customers of the system to offset the cost of the meter, meter box, and plant capacity expenses. This fee must be paid in full before the meter can be installed.

EFFECTIVE: August 16, 1989

MIKE ELLZEY - V.P.

Florida Public Service Commission

APPROVED

Authority No. WS-89-0005

Docket No. 881098-WU

Order No. -----

Effective September 15, 1989

Harb H. Hill

Director
Division of Water and Sewer

PROPOSED TARIFFS

OCALA OAKS UTILITIES, INC.

SECOND REVISED SHEET NO. 29.0
CANCELS FIRST REVISED SHEET NO. 29.0SCHEDULE OF FEES AND CHARGES

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>SHEET NO</u>
Main Extension Charge Explained on Sheet No. 28.0		28.0
Meter Installation Fee 5/8 x 3/4"	\$100.00	28.0
Over 5/8 x 3/4"	Actual Cost	
Plant Capacity Charge (per ERC)	\$430.00	28.0

EFFECTIVE: For service rendered on or after _____
TYPE OF FILING: 1995 Plant Capacity FeesMIKE ELLZEY - V.P.

OCALA OAKS UTILITIES, INC.

SECOND REVISED SHEET NO. 28.0
CANCELS FIRST REVISED SHEET NO. 28.0SERVICE AVAILABILITY POLICY

The utility provides water service to a residential area.

The cost of transmission and distribution lines must be 100% contributed by the Developer.

A Meter Installation Fee of \$100.00 and a Plant Capacity Fee of \$430.00 is also charged to new customers of the system to offset the cost of the meter, meter box, and plant capacity expenses. This fee must be paid in full before the meter can be installed.

EFFECTIVE: For service rendered on or after _____
TYPE OF FILING: 1995 Plant Capacity Fees

MIKE ELLZEY - V.P.

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

COPY OF APPLICATION IS AVAILABLE FOR PUBLIC INSPECTION

Copy of the Application for a Change in Plant Capacity Charges is available for public inspection during normal business hours, 9:00 a.m. to 4:30 p.m., Monday through Thursday, and 9:00 a.m. to 12:00 p.m. on Fridays, at the Company's local office:

Ocala Oaks Utilities, Inc.
1343 N. E. 17th Road
Ocala, Florida 34470-4609

OCALA OAKS UTILITIES, INC.
Ocala, Florida
ALL WATER SYSTEMS

APPROPRIATENESS

The determination of the level of C.I.A.C. at design capacity is shown on page 14, with full utilization estimated to be in the year 2000.

The ratio of net C.I.A.C. to net plant is presently 53% and increases to 75% at full utilization of the plant. The collection of the \$430/ERC will contribute to bringing the relationship of net C.I.A.C. to net plant more in line with Rule 25-30.580.