

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate) Docket No. 951056-WS
increase in Flagler County by)
PALM COAST UTILITY CORPORATION) Filed: February 26, 1997

SECOND AMENDED MOTION FOR RECONSIDERATION
OR, ALTERNATIVELY, AMENDED MOTION TO CORRECT COMPUTATIONAL ERRORS

Palm Coast Utility Corporation (PCUC), files this its second amended motion for reconsideration of Order No. PSC-96-1338-FOF-WS (the Order), or, alternatively, amended motion to correct computational errors, for the purpose of calling to the Commission's attention additional staff computational errors not addressed in PCUC's original or Amended Motion for Reconsideration, and states:

RECONSIDERATION

1. This amended motion for reconsideration is filed pursuant to Rule 25-22.035(3), F.A.C., and Rule 1.190, Fla.R.Civ.P.

2. PCUC realleges each and every allegation in its motion for reconsideration, filed herein on November 22, 1996, and in its amended motion for reconsideration, filed herein on January 24,

ACK 2 1997.

AFA _____

APP _____ 3. Pursuant to PCUC's request, and after written notice to

CAF _____ all parties, a meeting was held on February 19, 1997 to allow PCUC

CMU _____

CTR _____ an opportunity to explain certain computational errors in Order No.

EAG _____ PSC-96-1338-FOF-WS. PCUC, Commission Staff, Public Counsel and

LEG 1

LIN 3 Flagler County attended. Dunes Community Development District did

GPC _____ not attend based on assurances by the undersigned counsel that the

ROH _____ effluent reuse rate would not be among the issues discussed. The

SEC 1
W's 1

DOCUMENT NUMBER-DATE

02148 FEB 26 5 1351

FPSC-RECORDS/REPORTING

reuse rate was not discussed at the meeting.

4. During PCUC's presentation, Commission Staff indicated that they had found errors in its workpapers that affected the calculation of the imputation of CIAC against margin reserve. The scope of the errors was verbally explained. Written workpapers were not released since the Staff recommendation to address the errors had not been finalized.

5. After the meeting, PCUC revisited the Staff workpapers initially provided in connection with Order No. PSC-96-1338-FOF-WS in order to understand the errors. During the course of that review, PCUC first became aware that the calculation of the imputed CIAC related to wastewater treatment plant was erroneously based on a margin reserve period of 36 months rather than the 18-month margin reserve period approved by the Commission. (See Order at p. 17) Thus, the amount of CIAC to be imputed against wastewater margin reserve is and will continue to be overstated by the amount of \$175,730 unless the corrections proposed by Staff recognize and also correct for this error.

6. Staff calculates the amount of CIAC associated with margin reserve for wastewater treatment plant by multiplying \$334, that is, the portion of the Service Availability charge related to treatment plant, by the number of ERCs included in margin reserve. The Staff workpaper (Attachment B1) shows the number of ERCs in margin reserve to be 2,229, which is the difference between the 14,664 ERCs projected for average year 1998 (derived from the

regression equation¹ used in Exhibit 28 (KAA-2) p. 2), and the 12,435 ERCs for the average 1995 test year. The number of ERCs in an 18-month margin reserve period is actually 1,138, which is the difference between the 13,573 ERCs projected for year end 1996 and the 12,435 ERCs for the average 1995 test year. These numbers are shown in Exhibit 28 (KAA-2), p. 2, which for ease of reference is appended hereto as Attachment B-2.

7. While PCUC is opposed to the imputation practice, if CIAC is to be imputed by the Commission against treatment-related wastewater margin reserve, the amount of such imputation should be calculated using 1,138 ERCs, the number of ERCs in the approved 18-month margin reserve period.

8. PCUC therefore requests that the Commission allow and grant this second amended motion for reconsideration in furtherance of justice, and that the Commission's final order reflect the corrections.

AMENDED ALTERNATIVE MOTION TO CORRECT COMPUTATIONAL ERRORS

9. PCUC realleges each and every allegation in its initial alternative motion to correct computational errors, filed herein on January 24, 1997.

10. PCUC has hereinabove clearly shown mistake or inadvertence in the above computational error, which results in a material overstatement of imputed CIAC against the margin reserve


¹ From Exh. 28: ERCs = -1439195 + 727.6571 x Year
14,664 ERCs = -1439195 + 727.6571 x 1998

for wastewater treatment plant. This error should be deemed an extraordinary circumstance warranting correction in the determination of rate base established by the Order.

WHEREFORE, Palm Coast Utility Corporation hereby requests the Commission to reconsider or correct its decisions on the foregoing issues, and adjust rates accordingly.

DATED this 26th day of February, 1997.

Respectfully submitted,

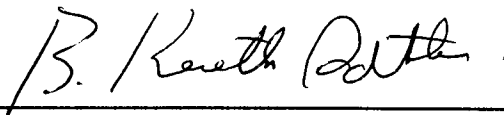
A handwritten signature in cursive script that reads "B. Kenneth Gatlin". The signature is written in dark ink and is positioned above a horizontal line.

B. Kenneth Gatlin
Gatlin, Schiefelbein & Cowdery, P.A.
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-5609

Attorneys for
PALM COAST UTILITY CORPORATION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery to Ms. Bobbie Reyes, Esquire, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0850, to Mr. Stephen C. Reilly, Associate Public Counsel, Office of Public Counsel, Claude Pepper Building, Room 812, 111 West Madison Street, Tallahassee, Florida 32399-1400, and to Mr. Richard Melson, Esquire, Hopping, Green, Sams & Smith, 123 South Calhoun Street, Tallahassee, Florida 32314, and by U.S. Mail to Mr. Albert J. Hadeed, County Attorney, 1200 East Moody Boulevard, #11, Bunnell, Florida 32110-9764, and to Mr. Arthur L. Sirkin, c/o County Attorney, 1200 East Moody Blvd., #11, Bunnell, Florida 32110, on this 26th day of February, 1997.



B. Kenneth Gatlin

PALM COAST UTILITY CORP

WASTEWATER UTILITY PLANT ACCT. NO.	ACCOUNT NAME	Year End	13-Mo Avg	13-Mo Avg	Year End	STAFF	13-Mo Avg	13-Mo Avg	Depr	Year End	STAFF	13-Mo Avg	13-Mo Avg	Depr	Staff	STAFF	STAFF	NET PLANT				
		Per MFRs	STAFF Recom.	STAFF Specific Adjustm	Acc Depr Per MFRs	Rate	TO	Specific A Adjustm	n Balance	Per MFRs	Per MFRs	TO	n Balance	Sch B-13	3th mth	a Adjustm	n Balance	NON-U/UN with MR	NON-U/UN without MR	INCL IN MARGIN RESERVE	NON-U/UN Adj to Plant	NON-U/UN Adj to Acc Depr
INTANGIBLE PLANT																						
351.1	Organization	6,130	0	6,130	3.33%	4,874	(102)	0	4,772	204	0	4,772	204	0	0	204	NA	NA	NA	NA	NA	NA
352.1	Franchises	2,884	0	2,884	3.20%	2,150	(43)	0	2,107	86	0	2,107	86	0	0	86	NA	NA	NA	NA	NA	NA
389.1	Other Plant & Misc.	121,386	0	121,386	4.16%	101,895	(2,527)	0	99,368	5,054	0	99,368	5,054	0	0	5,054	NA	NA	NA	NA	NA	NA
COLLECTION PLANT																						
353.2	Land and Land Rights	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
354.2	Structures and Improvements	6,560	0	6,560	3.11%	2,948	(102)	0	2,846	204	0	2,846	204	0	0	204	0.00%	0.00%	0.00%	0	0	0
360.2	Collection Sewers - Force	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
361.2	Collection Sewers - Gravity	35,493,443	(1,170,095)	34,323,348	2.46%	11,844,229	(437,656)	0	11,406,573	873,351	(28,791)	11,406,573	873,351	(28,791)	0	844,560	61.58%	63.07%	1.48%	21,139,750	7,025,308	520,164
361	Advanced Mains	13,789	0	13,789	2.52%	2,491	(174)	0	2,317	348	0	2,317	348	0	0	348	0.00%	0.00%	0.00%	0	0	0
361	Advanced Mains	16,452	(731)	15,721	2.33%	685	(192)	0	493	384	(17)	493	384	(17)	0	387	0.00%	0.00%	0.00%	0	0	0
362	Services	2,964,847	0	2,964,847	2.63%	1,286,818	(39,006)	0	1,247,812	78,012	0	1,247,812	78,012	0	0	78,012	65.71%	67.38%	1.67%	1,948,201	819,937	51,262
365.2	Flow Measuring Installation	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
389.2	Other Plant & Misc.	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
SYSTEM PUMPING PLANT																						
353.3	Land & Land Rights	207,043	0	207,043	NA	43	30	0	73	0	0	73	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
354.3	Structures & Improvements	101,995	0	101,995	3.12%	44,381	(1,591)	0	42,790	3,180	0	42,790	3,180	0	0	3,180	61.27%	63.35%	2.08%	62,492	25,217	1,948
370.3	Receiving Wells	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
371.3	Pumping Equipment	4,233,215	(86,495)	4,146,720	5.52%	1,939,909	(115,758)	0	1,824,151	233,472	(4,770)	1,824,151	233,472	(4,770)	0	228,702	61.27%	63.35%	2.08%	2,540,895	1,117,857	140,125
389.3	Other Plant & Misc.	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
TREATMENT & DISPOSAL PLANT																						
353.4	Land & Land Rights	946,489	0	946,489	NA	40	0	0	40	0	0	40	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
354.4	Structures & Improvements	6,402,440	(1,034,862)	5,367,578	3.13%	1,329,271	(93,820)	0	1,235,451	200,348	(32,377)	1,235,451	200,348	(32,377)	0	167,971	52.76%	56.76%	4.00%	2,832,040	651,824	88,621
380.4	Treatment and Disposal Equip.	6,707,289	(1,493,240)	5,214,049	5.53%	1,480,907	(162,330)	0	1,318,577	370,836	(82,559)	1,318,577	370,836	(82,559)	0	288,277	43.98%	49.19%	5.21%	2,293,130	579,910	126,784
381.4	Plant Sewers	0	0	0	2.86%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
382.4	Outfall Sewer Lines	0	0	0	3.33%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
389.4	Other Plant & Misc.	0	0	0	5.56%	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0
GENERAL PLANT																						
353	Land & Land Rights	0	0	0	NA	0	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA
354	Structures & Improvements	534,224	0	534,224	2.47%	137,789	0	0	137,789	13,213	0	137,789	13,213	0	0	13,213	9.02%	13.20%	4.18%	48,187	12,429	1,192
390	Office Furniture & Equipment	391,033	(40,961)	350,072	7.67%	201,390	(9,628)	0	191,762	30,011	(3,144)	191,762	30,011	(3,144)	0	26,867	9.02%	13.20%	4.18%	31,577	17,297	2,423
390	Computer Equipment	0	0	0	16.87%	0	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA
391	Transportation Equipment	678,806	(58,397)	620,409	11.73%	497,925	(40,068)	0	457,857	79,610	(8,849)	457,857	79,610	(8,849)	0	72,781	NA	NA	NA	NA	NA	NA
392	Stores Equipment	6,057	19	6,076	4.08%	4,189	(104)	0	4,085	247	1	4,085	247	1	0	248	NA	NA	NA	NA	NA	NA
393	Tools, Shop & Garage	188,947	(28,973)	159,974	4.89%	70,616	(4,373)	0	66,243	8,869	(1,360)	66,243	8,869	(1,360)	0	7,509	NA	NA	NA	NA	NA	NA
394	Laboratory Equipment	20,739	157	20,896	6.80%	9,997	(546)	0	9,451	1,410	11	9,451	1,410	11	0	1,421	NA	NA	NA	NA	NA	NA
395	Power Operated Equipment	253,942	(42,419)	211,523	5.51%	93,183	(2,967)	0	90,216	13,990	(2,337)	90,216	13,990	(2,337)	0	11,853	NA	NA	NA	NA	NA	NA
396	Communication Equipment	52,925	0	52,925	7.83%	36,599	(2,018)	0	34,581	4,037	0	34,581	4,037	0	0	4,037	NA	NA	NA	NA	NA	NA
397	Miscellaneous Equipment	1,527	(0)	1,527	0.00%	1,540	20,837	0	22,377	0	0	22,377	0	0	0	0	NA	NA	NA	NA	NA	NA
106	Undistributed Plant	0	0	0	10.00%	0	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA
OTHER																						
103	Future Use Plant	179,081	31,720	210,801	0.00%	0	0	0	0	0	0	0	0	0	0	0	100.00%	100.00%	0	210,801	0	0
107	Advanced Property	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	100.00%	100.00%	0	0	0	0
INTANGIBLE PLANT																						
TOTALS - WASTEWATER		59,531,023	(9,924,077)	49,606,946		19,093,869	(892,137)	0	18,201,732	1,916,866	(162,193)	18,201,732	1,916,866	(162,193)	0	1,754,673	56.47%	NA	NA	31,106,873	10,260,580	832,521

IMPUTATION OF CIAC ON MARGIN RESERVE	Treatment Plant	Collection Plant	Total	RATIO OF NON-USED & USEFUL PLANT TO PLANT	56.47%
	1 Service Availability Charge (PCC or MEF)	334	1,236		
2 ERCs included in MR (Note 1)	2,229	774	3,003		
3 SAC * ERCs in MR (Line 1 * Line 3)	743,428	956,450	1,699,878		
Net plant included as a result of MR					
4 Treat & Disposal Plant	5,125,170				
5 Collection Plant		23,087,951			
6 System Pumping Plant		2,803,188			
Total Collection and Pumping		25,891,139			
8 Amount of CIAC to impute (Lower of lines 3 or 4)	743,428	956,450	1,699,878		
9 Composite CIAC Amortization rate (Sch B - 13 p2)	3.07%	3.07%			
10 Amortization Expense (CIAC * rate)	22,823	29,263	52,086		
11 Accum Amort (60% of amortization)	11,412	14,682	26,094		

AVG. YEAR	TOTAL ERCs
1990	8820
1991	9682
1992	10140
1993	11053
1994	11842
1995	12435
Projections	
1995.5	12845
1996.5	13573
1997	13936
1998.5	15028
2000.5	16483

Regression Output:	
Constant	-1439195
Std Err of Y Est	110.3086
R Squared	0.994775
No. of Observations	6
Degrees of Freedom	4
X Coefficient(s)	727.6571
Std Err of Coef.	26.3688

USED AND USEFUL CALCULATIONS PER DRAFT RULES - WASTEWATER			
NO. OF ERCs, YEAR END 1995	12845	[TEST YEAR]	
NO OF ERCs, YEAR END 1996	13573	[1.0 YEAR MR]	
NO. OF ERCs, AVG. 1997	13936	[1.5 YEAR MR]	
NO. OF ERCs, YEAR END 1998	15028	[3.0 YEAR MR]	
NO. OF ERCs, YEAR END 2000	16483	[5.0 YEAR MR]	
Average Sewage Flow Per ERC	119.00 gpd		
Allowance for Infiltration/Inflow (15%)	17.85 gpd		
TOTAL FLOWS PER ERC	136.85 gpd		
1995 AVG DAILY FLOW, YR END	1,757,834 gpd	[TEST YEAR]	
1996 AVG DAILY FLOW, YR END	1,857,414	[1.0 YEAR MR]	
1997 AVG DAILY FLOW	1,907,204	[1.5 YEAR MR]	
1998 AVG DAILY FLOW, YR END	2,056,574	[3.0 YEAR MR]	
2000 AVG DAILY FLOW, YR END	2,255,734	[5.0 YEAR MR]	
DCDD RECLAIMED WATER DEMANDS (Minimum)	300,000 gpd		
DCDD RECLAIMED WATER DEMANDS (Maximum)	1,600,000 gpd	[from Reuse Feasibility Study, p. 37]	
WASTEWATER TREATMENT EQUIPMENT			
PLANT CAPACITY	4,000,000 gpd	3,350,000	
CALCULATED U/U W/O MR	43.95%	52.47	
CALCULATED U/U W/1.5 YR MR	47.68%	56.43	
CALCULATED U/U W/3.0 YR MR	51.41%	61.39	
CALCULATED U/U W/5.0 YR MR	56.39%	67.34	
EFFLUENT DISPOSAL FACILITIES			
NON-REUSE DISPOSAL FACILITIES			
SPRAYFIELDS	600,000 gpd		[per DEP permit]
OLDER RIB SITE	1,300,000		
NEWER RIB SITE	750,000		
TOTAL NON-REUSE DISPOSAL CAPACITY	3,100,000 gpd	2,350,000	
CALCULATED U/U W/O MR	62.04	47.03%	[flows adjusted to remove 300,000 minimum to DCDD]
CALCULATED U/U W/1.5 YR MR	65.57	51.85%	
CALCULATED U/U W/3.0 YR MR	74.75	56.66%	
CALCULATED U/U W/5.0 YR MR	83.22	63.09%	
WET WEATHER FACILITIES			
STORAGE TANK CAPACITY	6,000,000 gal		
SPRAY FIELDS CAPACITY, 3 DAYS	2,400,000		
[provides wet weather storage for spray fields, per Reuse Feas. Study, p. 28]			
CALCULATED U/U W/O MR	40.00%		

Changes made in Direct Test to TUV 5/94, JT