

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DEPOSIT

DATE

IN RE: APPLICATION OF OCALA OAKS UTILITIES, INC. FOR A LIMITED PROCEEDING TO IMPOSE ITS CURRENT WATER RATES, CHARGES, CLASSIFICATIONS, RULES AND REGULATIONS, AND SERVICE AVAILABILITY POLICIES TO THE HAWKS POINT AND 49TH STREET VILLAGE CUSTOMERS THAT ARE CURRENTLY OWNED BY A.P. UTILITIES, INC. IN MARION COUNTY, FLA. THIS APPLICATION IS FILED IN CONJUNCTION WITH AN APPLICATION TO PURCHASE SAID SYSTEMS.

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AUG 14 1998

DOCKET NO. 981029-WU

RECEIVED  
FLORIDA PUBLIC SERVICE COMMISSION  
98 AUG 13 PM 1:45  
MAIL ROOM

APPLICATION FOR A LIMITED PROCEEDING

- 1) OCALA OAKS UTILITIES, INC. REQUEST THAT THE COMMISSION APPROVE THE APPLICATION OF ITS CURRENT WATER SERVICE RATES, CHARGES, CLASSIFICATIONS, RULES AND REGULATIONS, AND SERVICE AVAILABILITY POLICIES FOR THE HAWKS POINT AND 49TH STREET VILLAGE WATER SYSTEM'S EXISTING CUSTOMERS AND SERVICE AREA UPON OCALA OAKS UTILITIES, INC.'S CLOSING OF THE PROPOSED SALE AND TRANSFER OF THE SAID SYSTEMS. IF THE COMMISSION SHOULD APPROVE THIS APPLICATION, THE CUSTOMERS OF

DOCUMENT NUMBER - DATE

98 4190 28980

FPSC RECORDS/REPORTING

OCALA OAKS UTILITIES  
PH. 904-732-3504  
1343 N.E. 17TH ROAD  
OCALA, FL 34470

5509

AUG. 6 19 98

63-71/631  
7

PAY TO THE ORDER OF

FLORIDA PUBLIC SERVICE COMMISSION

\$ 500.00

FIVE HUNDRED AND NO/100

DOLLARS

Security features are indicated on back.

Barnett

015-007  
2540 Northeast 35th Street  
Ocala, Florida 34470

A/P UTILITIES & OCALA OAKS UTILITIES  
FOR TRANSFER

005509

*milley*

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IN RE: APPLICATION OF OCALA OAKS UTILITIES, INC. FOR A LIMITED PROCEEDING TO IMPOSE ITS CURRENT WATER RATES, CHARGES, CLASSIFICATIONS, RULES AND REGULATIONS, AND SERVICE AVAILABILITY POLICIES TO THE HAWKS POINT AND 49TH STREET VILLAGE CUSTOMERS THAT ARE CURRENTLY OWNED BY A.P. UTILITIES, INC. IN MARION COUNTY, FLA. THIS APPLICATION IS FILED IN CONJUNCTION WITH AN APPLICATION TO PURCHASE SAID SYSTEMS.

DOCKET NO. 981028-MU

APPLICATION FOR A LIMITED PROCEEDING

- 1) OCALA OAKS UTILITIES, INC. REQUEST THAT THE COMMISSION APPROVE THE APPLICATION OF ITS CURRENT WATER SERVICE RATES, CHARGES, CLASSIFICATIONS, RULES AND REGULATIONS, AND SERVICE AVAILABILITY POLICIES FOR THE HAWKS POINT AND 49TH STREET VILLAGE WATER SYSTEM'S EXISTING CUSTOMERS AND SERVICE AREA UPON OCALA OAKS UTILITIES, INC.'S CLOSING OF THE PROPOSED SALE AND TRANSFER OF THE SAID SYSTEMS. IF THE COMMISSION SHOULD APPROVE THIS APPLICATION, THE CUSTOMERS OF THESE SYSTEMS WILL RECEIVE THE FOLLOWING BENEFITS.
- 2) THE SYSTEMS FACILITIES WILL BE OWNED BY A COMPANY WHOSE PRIMARY BUSINESS IS THE OPERATION OF WATER UTILITY SYSTEMS AND WHICH IS NOT AFFILIATED WITH ANY OTHER BUSINESS ENTITIES. ( THE CURRENT OWNER ALSO OWNS AND OPERATES AN ENGINEERING COMPANY.)
- 3) INCREASED OFFICE HOURS IN WHICH TO CONTACT UTILITY COMPANY PERSONNEL. THE CURRENT OWNER HAS OFFICE HOURS OF 8:00 AM TO 12:00 PM. OCALA OAKS OFFICE HOURS ARE 8:00 AM TO 4:30 PM.

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FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

- 4) GREATER RELIABILITY AND QUALITY OF SERVICE WILL BE PROVIDED AS A RESULT OF BEING OWNED BY A PROFESSIONALLY MANAGED AND OPERATED UTILITY COMPANY WITH EXTENSIVE KNOWLEDGE OF UTILITY OPERATIONS, MAINTENANCE, AND REGULATION.
- 5) OCALA OAKS UTILITIES, INC. HAS STATE CERTIFIED WATER TREATMENT OPERATORS ON STAFF, ELIMINATING THE NEED FOR OUTSIDE CONTRACT OPERATORS. OCALA OAKS UTILITIES, INC. ALSO HAS IN HOUSE BOOK KEEPERS , ELIMINATING THE NEED FOR MONTHLY OUTSIDE ACCOUNTING WORK.
- 6) OCALA OAKS UTILITIES, INC. STANDARD OPERATING PROCEDURES WILL RESULT INT THE ELIMINATION OF SUBSTANDARD OR MARGINAL OPERATING CONDITIONS.
- 7) AS CUSTOMERS OF A STABLE AND WELL FINANCED UTILITY COMPANY WITH A LARGE CUSTOMER BASE, CUSTOMERS WILL EXPERIENCE OPERATING COST, COST OF CAPITAL AND RATES THAT WILL BE LOWER OVER THE LONG TERM.
- 8) CUSTOMERS WILL EXPERIENCE A SUBSTANTIALLY LOWER RISK OF LARGE RATE INCREASES DO TO CAPITAL INVESTMENTS FROM REGULATORY REQUIREMENTS FOR SPECIFIC OR ISOLATED TREATMENT PLANT OR DISTRIBUTION IMPROVEMENTS.
- 9) OCALA OAKS UTILITIES, INC. WITH ITS FINANCIAL, MANAGERIAL, AND TECHNICAL SUPPORT, WILL BE BETTER ABLE TO ATTRACT CAPITAL TO MEET EXISTING AND FUTURE NEEDS FOR WATER SERVICE.
- 10) OPERATING COST WILL BE REDUCED DUE TO THE ECONOMIES OF SCALE AND THE ABILITY TO BUY EQUIPMENT, MATERIALS, AND SUPPLIES AT MORE FAVORABLE PRICES.

11) THE COMMISSIONS' APPROVAL WILL ALSO RESULT IN A UNIFORM NON-PREFERENTIAL RATE FOR ITS CUSTOMERS IN ITS ENTIRE SERVICE AREA. THIS WILL RESULT IN COST SAVINGS DUE TO A REDUCTION IN ACCOUNTING, DATA PROCESSING AND ADMINISTRATIVE EXPENSE.

OCALA OAKS UTILITIES, INC. FEELS THAT THE EXISTING RATE OF THESE TWO SYSTEMS IS ARTIFICIALLY LOW. TO OUR KNOWLEDGE, A.P. UTILITIES HAS NOT BEEN IN FOR A MAJOR RATE CASE SINCE ITS BEGINNING.

WITH THIS APPLICATION, WE ARE SUBMITTING A STAND-ALONE RATE ANALYSIS ALONG WITH A COMPARISON OF A.P.'S CURRENT RATES, THE STAND ALONE RATES, AND OCALA OAKS RATES.

OCALA OAKS UTILITIES, INC. FEELS THAT THE GRANTING OF THIS REQUEST TO USE ITS EXISTING RATES AND CHARGES WILL ALLOW OCALA OAKS UTILITIES, INC. TO PROVIDE THE ABOVE LISTED BENEFITS TO THE CUSTOMERS OF THE HAWKS POINT AND 49TH STREET VILLAGE SYSTEMS.

RESPECTFULLY,



MIKE ELLZEY

OCALA OAKS UTILITIES, INC.

**THERE ARE TWO HUNDRED TWENTY FOUR (224) HOMESITES  
AFFECTED BY THIS PROCEEDING. THE APPROPRIATE FILING  
FEE OF FIVE HUNDRED DOLLARS ( \$500.00 ) IS ENCLOSED.**

# OCALA OAKS UTILITIES, INC.

1343 N.E. 17th Rd. • Ocala, FL 34470  
(904) 732-3504

**HAWKS POINT AND 49TH STREET VILLAGE  
STAND ALONE O&M EXPENSES  
( FIGURES HAVE BEEN ROUNDED)**

PURCHASE POWER ( ACTUAL )	\$ 3,600
PROPANE	250
SECRETARY FULL TIME	20,000
OWNER - SERVICE MAN	30,000
CHEMICALS	600
MATERIALS & SUPPLY	1,500
ACCOUNTING	1,500
ENGINEERING	500
PLANT OPERATOR ( 1 PLANT @ \$150 MO. 1 PLANT @ \$225 MO. )	4,500
REPAIRS & LABOR	1,000
AUTO EX.	1,500
INSURANCE ( W/C, AUTO, LIABILITY )	4,500
OFFICE SUPPLIES & EX.	2,500
POSTAGE	1,000
PHONE	1,200
TAXES ( PROPERTY, INCOME, PAYROLL, RAF )	7,500
WATER SAMPLES	1,500
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RETURN ON RATE BASE OF 10%	10,800
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TOTAL REVENUES NEEDED	\$ 93,950

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HAWKS POINT & 49TH STREET VILLAGE

STAND ALONE RATE CALCULATIONS

NUMBER OF BILLS SENT: 220 X 12 = 2,640

AVERAGE GALLONS USED PER BILL      7,600 HAWKS POINT  
8,000 49TH STREET

STAND ALONE REVENUE NEEDED	\$93,950.00
CURRENT REVENUE	<u>35,950.00</u>
DIFFERENCE	\$58,000.00

\$58,000.00 ÷ 2640 =	\$21.96
CURRENT BASE RATE	<u>+ 5.67</u>
STAND ALONE BASE	\$27.63
CURRENT GALLONAGE	\$ 1.06

RATE COMPARISON BASED ON 8,000 GALLONS OF USAGE

	<u>CURRENT RATE</u>	<u>STAND ALONE</u>	<u>CURRENT RATE OCALA OAKS</u>
5/8 X 3/4 METER	\$ 14.15	\$ 36.11	\$ 22.07
PERCENT INCREASE	0%	155%	56%
RATE BASE	\$ 5.67	\$ 27.63	\$ 13.11
GALLONAGE	\$ 1.06	\$ 1.06	\$ 1.12