

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for rate) DOCKET NO. 950828-WS
increase in Marion County by) ORDER NO. PSC-96-1229A-FOF-WS
Rainbow Springs Utilities, L.C.) ISSUED: October 9, 1996
_____)

NOTICE OF PROPOSED AGENCY ACTION
AMENDATORY ORDER

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.036, Florida Administrative Code.

By Proposed Agency Action (PAA) Order No. PSC-96-1229-FOF-WS, issued September 30, 1996, the Commission granted final rates and charges to Rainbow Springs Utilities, L.C., (Rainbow Springs or utility) for its system in Marion County. As part of the final vote in this matter, the Commission made adjustments to wastewater rate base regarding the sale of property and the abandonment of Wastewater Treatment Plant No. 1. While Order No. PSC-96-1229-FOF-WS correctly stated the Commission's vote, Schedules Nos. 1-B, 1-C, 3-B, 3-C, 4-B, and 5-B did not reflect the impact of the rate base adjustment. Those schedules have been corrected to properly reflect the Commission's vote, and are attached to this Order. Therefore, Order No. PSC-96-1229-FOF-WS is hereby amended to include the correct schedules.

Order No. PSC-96-1229-FOF-WS shall be reaffirmed in all other respects.

Although the protest period to Order No. PSC-96-1229-FOF-WS would expire on October 21, 1996 because the rates as contained in that Order are being amended, substantially affected persons shall have the opportunity to protest the matters set forth in this Order within a 21-day time frame, which shall extend the protest period as set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto.

Based on the foregoing, it is,

ORDERED that Order No. PSC-96-1229-FOF-WS is hereby amended as set forth in the body of this Order. It is further

DOCUMENT NUMBER-DATE

10790 OCT-9 96

FPSC-RECORDS/REPORTING

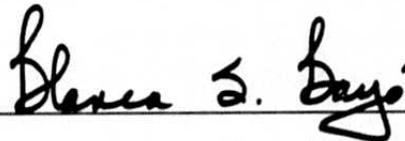
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ORDERED that Schedules Nos. 1-B, 1-C, 3-B, 3-C, 4-B, and 5-B are incorporated herein by reference.

ORDERED that Order No. PSC-96-1229-FOF-WS is hereby affirmed in all other respects. It is further

ORDERED that all provisions of this Order are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto.

By ORDER of the Florida Public Service Commission, this 9th day of October, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 30, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater 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 of the effective date 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.

RAINBOW SPRINGS UTILITIES, L.C. SCHEDULE OF WASTEWATER RATE BASE TEST YEAR ENDED MARCH 31, 1997			SCHEDULE NO. 1-B DOCKET NO. 950828-WS		
COMPONENT	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	ADJUSTED TEST YEAR PER UTILITY	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$ 2,955,549	39,979 \$	2,995,528	(333,568)	2,661,960
2 LAND	250,000	0	250,000	(74,010)	175,990
3 NON-USED & USEFUL COMPONENTS	(841,743)	0	(841,743)	(93,417)	(935,160)
4 ACCUMULATED DEPRECIATION	(483,398)	(17,033)	(500,431)	15,124	(485,307)
5 CIAC	(621,974)	(97,207)	(719,181)	71,254	(647,927)
6 AMORTIZATION OF CIAC	75,717	1,185	76,902	(2,266)	74,636
7 OTHER - PREPAID CONNECTIONS	0	0	0	0	0
8 ADVANCES FOR CONSTRUCTION	0	0	0	0	0
9 DEFERRED TAXES	0	0	0	0	0
10 WORKING CAPITAL ALLOWANCE	24,628	0	24,628	(3,523)	21,106
RATE BASE	\$ 1,358,779	(73,076) \$	1,285,703	(420,406)	865,298

RAINBOW SPRINGS UTILITIES, L.C. ADJUSTMENTS TO RATE BASE TEST YEAR ENDED MARCH 31, 1997		SCHEDULE NO. 1-C DOCKET NO. 950828-WS PAGE 1 OF 1	
EXPLANATION	WATER	WASTEWATER	
(1) PLANT IN SERVICE			
a) To remove unsupported plant additions per audit disclosure (AD) #12.	\$ (10,345)	\$ (21,860)	
b) To remove unsupported construction management costs per AD #13.	0	(12,113)	
c) To remove unsupported permitting and legal costs per AD #14.	0	(2,595)	
d) To reflect utility plant adjustment per the Commission.	0	(297,000)	
	<u>\$ (10,345)</u>	<u>\$ (333,568)</u>	
(2) LAND			
a) To reflect original cost of new sprayfield.	\$ 0	\$ (74,010)	
	<u>\$ 0</u>	<u>\$ (74,010)</u>	
(3) NON-USED & USEFUL COMPONENTS			
a) To remove non-used and useful plant.	(163,208)	(197,013)	
b) To remove non-used and useful accumulated depreciation.	43,502	103,596	
	<u>(119,706)</u>	<u>(93,417)</u>	
(4) ACCUMULATED DEPRECIATION			
a) To remove the associated accumulated depreciation per AD #12.	\$ 9,636	\$ 5,742	
b) To remove the associated accumulated depreciation per AD #13.	0	924	
c) To remove the associated accumulated depreciation per AD #14.	0	201	
d) To remove the associated accumulated depreciation per Commission's adjustment.	0	8,257	
	<u>\$ 9,636</u>	<u>\$ 15,124</u>	
(5) CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)			
a) To adjust CIAC in correlation with COMMISSION's recommended CIAC charges.	\$ 75,727	\$ 71,254	
	<u>\$ 75,727</u>	<u>\$ 71,254</u>	
(6) ACCUMULATED AMORTIZATION OF CIAC			
a) To adjust accumulated amortization of CIAC in correlation with COMMISSION's recommended service availability charges.	\$ (2,711)	\$ (2,266)	
	<u>\$ (2,711)</u>	<u>\$ (2,266)</u>	
(7) WORKING CAPITAL ALLOWANCE			
a) Adjustment to correspond with recommended test year O&M expenses.	\$ (2,309)	\$ (3,523)	

RAINBOW SPRINGS UTILITIES, L.C. STATEMENT OF WASTEWATER OPERATIONS TEST YEAR ENDED MARCH 31, 1997			SCHEDULE NO. 3-B DOCKET NO. 950828-WS				
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUSTMENTS	UTILITY ADJUSTED TEST YEAR	COMMISSION ADJUSTMENTS	COMMISSION ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	220,230	260,230	480,460	(258,467)	221,993	127,284	349,277
OPERATING EXPENSES						57.34%	
2 OPERATION AND MAINTENANCE	168,546	28,474	197,020	(28,176)	168,844 \$		168,844
3 DEPRECIATION	104,806	(36,496)	68,310	(20,216)	48,094		48,094
4 AMORTIZATION	0	20,728	20,728	(24,702)	(3,974)		(3,974)
5 TAXES OTHER THAN INCOME	64,456	(3,124)	61,332	(18,450)	42,882	5,728	48,610
6 INCOME TAXES	0	0	0	0	0	0	0
7 TOTAL OPERATING EXPENSES	337,808	9,582	347,390	(91,544)	255,846	5,728	261,574
8 OPERATING INCOME	(117,578)	250,648	133,070	(166,923)	(33,853)	121,556	87,703
9 RATE BASE	1,358,779		1,285,703		865,298		865,298
RATE OF RETURN	-8.65%		10.35%		-3.91%		10.14%

RAINBOW SPRINGS UTILITIES, L.C.
 ADJUSTMENTS TO OPERATING STATEMENTS
 TEST YEAR ENDED MARCH 31, 1997

SCHEDULE NO. 3-C
 DOCKET NO. 950828-WS
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EXPLANATION	WATER	WASTEWATER
(1) OPERATING REVENUES		
a) To reverse utility's proposed revenue increase.	\$ (57,088)	\$ (260,230)
b) To increase revenues per billing audit.	9,794	1,763
	<u>\$ (47,294)</u>	<u>\$ (258,467)</u>
(2) OPERATION AND MAINTENANCE EXPENSES		
a) To adjust sludge removal expense per AD#2 and to remove unsupported increase.	\$ 0	\$ (13,664)
b) Adjustment to remove employee salaries for correction of error.	(6,231)	(6,357)
c) Adjustment to disallow a portion of contractual services-accounting fees.	(10,919)	(7,279)
d) Adjustment to disallow a portion of current rate case expense.	(1,321)	(876)
	<u>\$ (18,471)</u>	<u>\$ (28,176)</u>
(3) DEPRECIATION EXPENSE		
a) To decrease depreciation expense per AD #12.	\$ (48)	\$ (639)
b) To decrease depreciation expense per AD #13.	0	(616)
c) To decrease depreciation expense per AD #14.	0	(134)
d) To decrease depreciation expense for non-used & useful plant.	(4,369)	(204)
e) To decrease depreciation expense related to CIAC adjustments.	(39)	(2,110)
f) To decrease depreciation expense related to Commission's adjustment.	0	(16,513)
	<u>\$ (4,456)</u>	<u>\$ (20,216)</u>
(4) AMORTIZATION EXPENSE		
a) To reflect the gain on sale of WWTP#1 sprayfield.	\$ 0	(24,702)
(5) TAXES OTHER THAN INCOME		
a) To adjust RAFs for test year revenue adjustments.	\$ (2,128)	\$ (11,631)
b) To remove payroll taxes associated with employee salaries adjustment.	(890)	(855)
c) To remove sales tax on backhoe which should have been capitalized.	(435)	(435)
d) To adjust property taxes for plant adjustments and non-used and useful.	(2,410)	(5,529)
	<u>\$ (5,863)</u>	<u>\$ (18,450)</u>
(6) OPERATING REVENUES		
a) To reflect recommended revenue requirement.	<u>\$ 12,539</u>	<u>\$ 127,284</u>
(7) TAXES OTHER THAN INCOME		
a) To reflect RAFs pertaining to recommended revenue requirement.	<u>\$ 564</u>	<u>\$ 5,728</u>

RAINBOW SPRINGS UTILITIES, INC. **SCHEDULE NO. 4-B**
COUNTY: MARION **DOCKET NO. 950828-WS**
RATE SCHEDULE - MONTHLY WASTEWATER RATES
TEST YEAR ENDING: MARCH 31, 1997

Residential	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final
Base Facility Charge, all meter sizes:	\$11.12	\$13.93	\$16.22	\$14.11
Gallage Charge per 1,000 Gallons (Cap at 10,000 Gallons) (Cap at 8,000 Gallons)	\$2.23	\$2.80	\$6.40	\$4.07

General Service	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final
Meter Size:				
5/8 x 3/4"	\$11.12	\$13.93	\$16.22	\$14.11
3/4"	-	-	-	\$21.16
1"	\$27.78	\$34.80	\$40.55	\$35.27
1 1/2"	\$55.56	\$69.61	\$81.10	\$70.54
2"	\$88.90	\$111.38	\$129.76	\$112.87
3"	\$177.80	\$222.77	\$259.76	\$225.73
4"	\$277.79	\$348.05	\$405.50	\$352.71
6"	-	-	\$811.00	\$705.42
8"	-	-	\$1,297.60	\$1,128.67
10"	-	-	\$1,865.30	\$1,622.65
Gallage Charge per 1,000 G.,	\$2.23	\$2.80	\$6.40	\$4.88

5/8" x 3/4" meter	Typical Residential Bill			
3,000 Gallons	\$17.81	\$22.33	\$35.42	\$26.32
5,000 Gallons	\$22.27	\$27.93	\$48.22	\$34.46
10,000 Gallons	\$33.42	\$41.93	\$80.22	\$46.67