

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a) DOCKET NO. 910909-WS
Staff Assisted Rate Case in) ORDER NO. PSC-92-0190-FOF-WS
Levy County by SPRINGSIDE AT) ISSUED: 4/13/92
MANATEE, LTD.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER GRANTING TEMPORARY RATES IN
THE EVENT OF PROTEST

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates in the event of a protest, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

Springside at Manatee, Ltd. (Springside or utility) is a Class C water and wastewater utility located in Levy County. Springside's water and wastewater facilities have the capability of serving approximately 113 residential connections with the utility's approved service area, but is currently providing service to only 43 connections. According to its 1990 Annual Report, Springside had operating revenues of \$5,341, operating expenses of \$8,610 and losses of \$3,269 for water service, and operating

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FPSC-RECORDS/REPORTING

revenues of \$5,342, operating expenses of \$14,118 and losses of \$8,776 for its wastewater service.

On September 3, 1991, Springside applied for the instant staff-assisted rate case and subsequently paid the appropriate filing fee. November 2, 1991, was established as the official date of filing. The test year is the twelve-month period ending December 31, 1990.

QUALITY OF SERVICE

Our Staff conducted a customer meeting on January 13, 1992, at the Hideaway Mobile Home Park clubhouse. Approximately 60 utility customers attended. Thirteen customers testified regarding the increased rates. Three of the thirteen commented about the quality of service provided by the utility. One customer said that the water has a bad odor and that it was hard. He said he also had made some pressure checks and found the utility's water pressure to be 31 to 32 pounds per square inch (PSI). Several other customers also expressed concerns about their water pressure. One customer testified that the sewer "outfall" is leaking before it gets to the leach beds and that the pipe at the water plant keeps breaking because the pump is too large. Another customer said that the entire water system goes out of service when the pipe at the well breaks. By letter, several customers expressed concerns about frequent breaks in the transfer line at the water plant.

We contacted the Department of Environmental Regulation (DER), regarding these issues. DER stated that the chemical analysis results showed the color, odor, pH and turbidity are satisfactory. However, the utility's chemical analysis does register sulfate levels that exceed the maximum contaminate level. This also results in higher readings of total dissolved solids. These are secondary contaminants that are a nuisance, but not a health hazard. Sulfates, at the level being experienced by Springside, tend to be corrosive and may cause an off-taste to the water. The water hardness is caused by the sulfate level and the only method of treatment would be to reduce sulfates by reverse osmosis, which is cost prohibitive for this utility.

Our field investigation disclosed that the utility's customers irrigate their yards often. One sprinkler head disperses water at a rate of twelve to fourteen gallons per minute (gpm). At a plant capacity of 200 gpm, fifteen sprinklers would have the pumps

running full-time and water would be flowing through the hydropneumatic tank at a rate that would be equal to its replacement capacity. This level of usage would reduce water pressure in any system, but this system appears to be maintaining a pressure that meets or exceeds the DER minimum of 20 PSI.

As a result of breaks in the transfer line at the water plant, the entire water system shuts down because the by-pass line from the second well is not working. This is caused by the thrust of a higher horsepower pump causing the transfer line connecting well number one and the pumphouse to separate at the union. This line is constructed with PVC pipe and was designed for a lower horsepower pump. When the higher capacity pump starts, the thrust tends to pull the PVC union connector apart. Because of the placement of a by-pass valve, both wells become ineffective when the line separates. The utility is currently repairing the transfer line to correct this deficiency.

During our field investigation of the utility's service area, we observed the leaking out-fall line at the wastewater treatment plant. The utility has made the necessary repairs and we consider this problem resolved.

All required water and wastewater tests are up-to-date and the results are satisfactory. DER does not have any open citations or deficiencies against Springside. Therefore, in consideration of the foregoing, we find that the utility's quality of service is satisfactory.

Unaccounted-for Water

We are concerned with the utility's excessive unaccounted-for water. We believe one cause for the unaccounted-for water may be slow meters. Since Springside's water has a high sulfate content, it tends to be corrosive and over time this corrosiveness may eventually cause the meters to register slowly. The water plant is equipped with a master meter that records water volume leaving the plant. We are also concerned by the discrepancy between the per customer average of treated water leaving the plant of 272 gallons per day (gpd), and the per customer average of metered water sold is 150 gpd.

Another cause of the excessive unaccounted-for water may have been the frequent line breaks at the water plant. However, the

utility has corrected its problem with line breaks. Further, unmetered water at the model home may be contributing to this difference. Not only is there no meter at the model home, but some customers allege that, on occasion, some residents' lawns have been watered from a hose connected to the model home tap.

As to the possible problem of slow meters, in a community like Springside it is difficult to determine normal usage patterns because of frequent seasonal vacancies and high irrigation. The seasonal vacancies tend to lower the average usage over the course of the year calculated on a per customer basis. At Springside, the condition of the customers' lawns would suggest a high amount of irrigation. This would raise the average usage on a per customer basis, unless the lawns are watered infrequently when customers are away. Given these factors, we are unable to determine whether the billed average of 150 gpd for Springside is above or below normal. We, therefore, will not make any adjustments for unbilled usage.

In addition to the above, we will not make an overall adjustment for unaccounted-for water because the utility has agreed to accept less than compensatory rates. The utility agreed to accept \$2,683 less in water revenues and \$5,659 less in wastewater revenues than would be generated under fully compensatory rates.

However, to ensure these problems are examined and corrected, for the twelve months following the date of issuance of this final order, the utility shall file with this Commission quarterly reports which detail the amount of water leaving the plant, the amount of metered water sold, and an accounting for any difference in the two figures.

We further require that within 60 days following the date of issuance of this order, Springside shall replace or repair the transfer line at its water plant.

We additionally require that within 60 days of the date of issuance of this order, Springside install a meter to the model home in order to account for the water used, and to charge the base facility and gallonage charges for said water.

Moreover, we require the utility to perform meter bench tests on a minimum of 20 percent of the customer base. The meters selected for the bench tests must have been in service for more than two years. The utility is required to submit to the

Commission the results of the findings of these tests within twelve months following the date of issuance of this final order.

RATE BASE

Our calculations of the appropriate rate bases for this utility are depicted on Schedules Nos. 1W and 1WW, and our adjustments are itemized on Schedules Nos. 1W(A) and 1WW(A). Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Used and Useful

Water Treatment System

The water treatment plant is a closed system of operation that currently relies on two wells, each with a capacity of 100 gallons per minute (gpm), to meet instantaneous fluctuations in flow demands. This equates to a prorated share of 1.77 gpm per customer at the potential "build-out" of 113 customers. In accordance with General Waterworks Design Criteria, each customer connection requires a minimum of 1.1 gpm which should be met by the lowest capacity well. Anything less would fail to meet DER endorsement during its approval process for a construction permit. The utility has replaced two smaller horsepower submersible pumps with two 15 horsepower submersible pumps.

In accordance with the American Water Works Association Manual of Practice No. 5, the reliability of the pumping capacity is analyzed with one or two pumps out of service. The pumps considered out of service would be those pumps that would yield the highest capacity. The lowest capacity well at Springside yields the actual capacity of 371 gpm. Maximum daily flows, a margin reserve allowance, and the capacity of the plant are factors to be considered when making a used and useful determination. Margin reserve represents the additional capacity necessary to serve the number of customers expected to connect to the system within the next 18 months. The sum of the maximum daily flow of 138 gpm and the margin reserve allowance of 15 gpm was divided by the 371 gpm capacity of plant. The result is 41.24 percent. Using this

formula as an indicator of used and useful plant, we find that the water treatment plant is 41.24 percent used and useful.

Wastewater Treatment Plant

The highest five-day average of daily flows during the test year was 11,800 gpd. The wastewater treatment plant has a treatment capacity of 30,000 gallons per day (gpd). However, the Department of Environmental Regulation (DER) gave the utility permission to discontinue the use of two aeration tanks, which reduces the plant capacity to 18,000 gpd. Although the current capacity is 18,000 gpd, the utility contemplated that the original installed capacity of 30,000 gpd would be necessary to serve the potential customer base at build out. Therefore, we find it appropriate to base the used and useful calculation on the original capacity of the plant. The sum of the average daily flow of 11,800 gpd and the margin reserve allowance of 1,475 gpd was divided by the 30,000 gpd capacity of the plant. The result is 44.25 percent. Using this formula as an indicator of used and useful plant, we find the wastewater treatment plant is 44.25 percent used and useful.

Water Distribution System

The water distribution system has an existing capacity of 65 equivalent residential connections (ERCs). The sum of the average number of connections to the system per year (24 ERCs) and the margin reserve allowance of 3 ERCs was divided by the 65 ERCs capacity of the existing facilities. Therefore, we find that the used and useful portion of the water distribution system (excluding meters and meter installations) is 41.54 percent. We find that the meters and meter installations are 100 percent used and useful.

Wastewater Collection System

The wastewater collection system has an existing capacity of 65 ERCs. The average number of connections to the system per year is 24 ERCs. This figure is added to the margin reserve allowance of 3 ERCs, then divided by the 65 ERCs capacity of the facilities, with a resulting quotient of 41.54 percent. We find that the resulting of 41.54 percent is the appropriate used and useful portion of the wastewater collection system (excluding services). We find that services are 100 percent used and useful.

Land Value

The land on which the water and wastewater plant is located is owned by Springside. The value of the land was established by Order No. 23970 as \$1,522 for the water system land and \$5,422 for the wastewater system land and those amounts are reflected on the utility's books. There have been no additions to utility land since that Order was issued.

As discussed in a previous section of this Order, we found the used and useful portions of the water and wastewater treatment plants to be 41.24 percent and 44.25 percent, respectively. We find it appropriate to apply these used and useful percentages to their respective land account balances. Therefore, we find that the appropriate values of used and useful land are \$628 for the water system and \$2,399 for the wastewater system.

Depreciable Plant-in-Service

Water

By Order No. 23970, we found the appropriate depreciable plant-in-service to be \$86,319 for water. There have been \$2,873 in plant additions for water subsequent to that Order. The balance for the water system has been reduced by an averaging adjustment of \$221 and a non-used and useful adjustment of \$50,595. Therefore, we find that the appropriate balance of depreciable plant-in-service for the water system is \$38,377.

Wastewater

By Order No. 23970, we found the appropriate depreciable plant-in-service to be \$188,218 for wastewater. There have been \$1,625 in plant additions for wastewater subsequent to that Order. The balance for the wastewater system has been reduced by an averaging adjustment of \$125 and a non-used and useful adjustment of \$106,098. Therefore, we find that the appropriate balance of depreciable plant-in-service for the wastewater system is \$83,620.

Contributions-in-Aid of Construction (CIAC)

Water

By Order No. 23970, we found the appropriate CIAC balance to be \$4,675 for the water system. There have been \$5,525 in CIAC additions for water subsequent to that Order. An averaging adjustment reduces the water balance by \$424, and an imputation adjustment increased the water balance by \$1,275. Therefore, we find that the appropriate balance of CIAC for the water system is \$11,051.

Wastewater

By Order No. 23970, we found the appropriate CIAC balance to be \$10,450 for the wastewater system. There have been \$12,350 in CIAC additions for wastewater since that Order was issued. We find it appropriate to reduce the balance for the wastewater system by an averaging adjustment of \$950 and to increase the balance by an imputation adjustment of \$2,850. Therefore, we find that the appropriate balance of CIAC for the wastewater system is \$24,700.

Accumulated Depreciation

The utility's books reflect a balance of \$16,616 in accumulated depreciation for water and \$38,221 in accumulated depreciation for wastewater at the end of the test period. We have increased the water system accumulated depreciation account by \$690 and the wastewater system accumulated depreciation account by \$2,097 in order to reflect the appropriate test-year ending balances. An averaging adjustment of \$1,406 and a non-used and useful calculation of \$9,277 reduces the water account. An averaging adjustment of \$3,391 and a non-used and useful calculation of \$20,783 reduces the wastewater account. Thus, the appropriate average amounts of accumulated depreciation are \$6,623 and \$16,144 for water and wastewater, respectively.

Accumulated Amortization of CIAC

Order No. 23970 reflects amortization of CIAC of \$251 for the water system and \$561 for the wastewater system as of October 21, 1988. The respective composite depreciation rates and calculated CIAC balances were used to update accumulated amortization to the end of the test year. The additional amortization to the end of

the test year is \$542 for water and \$1,303 for wastewater. The result is accumulated amortization of \$794 and \$1,865, for water and wastewater respectively, as of December 31, 1990. We also find averaging adjustments of \$154 for water and \$391 for wastewater to be appropriate, resulting in average test year balances of \$639 and \$1,474. We determined that CIAC should be imputed on the margin of reserve for the water and wastewater systems. We find that accumulated amortization of CIAC also should be calculated on these imputations. This results in additional amortization of CIAC of \$40 and \$102, for the water and wastewater systems respectively. Therefore, we find test year accumulated amortization of CIAC to be \$680 for the water system and \$1,575 for the wastewater system.

Working Capital Allowance

We find it appropriate to use the formula method in calculating the working capital requirement of this utility, that is, one-eighth of operation and maintenance expenses. In a later section of this Order, we find that the appropriate operation and maintenance expenses are \$6,340 for water and \$10,761 for wastewater. Therefore, we have included one-eighth of those amounts or \$792 for water and \$1,345 for wastewater in rate base as the utility's working capital allowance.

Test Year Rate Base

Based on the foregoing, we find the appropriate test year rate bases to be \$22,803 for the water system and \$48,096 for the wastewater system.

CAPITAL STRUCTURE

The utility's capital structure is comprised of partnership capital and long-term debt. Applying the leverage formula approved in Order No. 24246, issued March 18, 1991, we establish the return on equity for future purposes to be 12.3 percent. The overall rate of return is 11.24 percent. The capital structure is shown on Schedule No. 2, attached hereto.

NET OPERATING INCOME

Our calculations of net operating income are depicted on Schedules Nos. 3W and 3WW, and our adjustments are itemized on Schedules Nos. 3W(A) and 3WW(A). Those adjustments which are self-explanatory or which are essentially mechanical in nature are reflected on those schedules without further discussion in the body of this Order. The major adjustments are discussed below.

Test Year Operating Revenues

The utility recorded water system revenues of \$5,341 and wastewater system revenues of \$5,342 during the test period. Our analysis and discussions with the utility representative showed that the utility inadvertently recorded CIAC as revenue. We have reduced water revenues by \$1,291 and wastewater revenues by \$1,292 to correct this. Therefore, the appropriate test year operating revenue is \$ 4,050 for water and \$4,050 for wastewater. Revenues have been increased by \$6,296 for water and \$15,145 for wastewater to reflect the increase in revenue required to cover expenses and allow our approved rate of return on investment.

Operating Expenses

Operation and Maintenance Expense (O&M)

We have reviewed the utility's expense accounts for proper amounts, periods, and classifications. The utility's test year operating expenses have been traced to the general ledger. Selected test year operating expenses have been traced to invoices and check stubs. We made adjustments to reclassify certain expenses and to reflect certain allowances necessary for plant operation. We find that the appropriate amounts of operating and maintenance expense are \$6,340 for water and \$10,761 for wastewater. The utility recorded \$6,148 of O&M to water and \$8,756 of O&M to wastewater during the test year. A summary of our adjustments follows.

1) Salaries and Wages - The utility recorded \$960 for the water system and \$960 for the wastewater system. Each of these accounts was reduced to \$0 to reflect reclassification to the respective contractual service accounts.

2) Purchased Power - The utility recorded purchased power expense of \$1,688 for water and \$3,377 for wastewater during the test year. These expenses have been reduced by \$937 for water and increased by \$1,176 for wastewater to adjust the balances to the audited amounts.

3) Materials and Supplies - The utility recorded materials and supplies expense of \$98 for water and \$1,017 for wastewater during the test year. We have made no adjustment to the water expense and we removed the wastewater expense in its entirety to reflect its reclassification as a capital expenditure.

4) Contractual Services - The utility recorded contractual services expenses of \$3,198 for water and \$3,198 for wastewater during the test year. We have found it appropriate to increase these expenses by \$1,687 and \$2,350 for water and wastewater, respectively. The adjustments to the water system represent a \$960 reclassification from salaries and wages, and adjustments to testing and lawn mowing costs of \$53 and \$675, respectively. The adjustments to the wastewater system represent a \$960 reclassification from salaries and wages, and adjustments to testing and lawn mowing costs of \$790 and \$600, respectively. Therefore, we find the appropriate amount of contractual services to be \$4,885 for water and \$5,548 for wastewater.

5) Transportation Expense - This expense has been adjusted by \$520 for water and \$520 for wastewater to reflect the appropriate allowance in each account.

6) Insurance Expense - The utility recorded \$0 in insurance expenses during the test year. We have adjusted these amounts by \$48 for water and \$102 for wastewater to reflect the appropriate allowances for these expenses.

7) Regulatory Commission Expense - During the test year, the utility recorded regulatory commission expenses of \$204 for water and \$204 for wastewater. We have removed both of these amounts in order to reclassify them to Taxes Other Than Income. We have added \$38 per system to this account to reflect the filing fee for this rate case amortized over four years.

Operating and Maintenance Expenses Summary

Therefore, based on the foregoing, we find the appropriate operating expenses are \$6,340 for the water system and \$10,761 for the wastewater system.

Depreciation Expense (Net of Amortization of CIAC)

Applying the prescribed depreciation rates in Rule 25-30.140, Florida Administrative Code, to the appropriate used and useful plant-in-service account balances results in depreciation expenses of \$1,228 for water and \$3,003 for wastewater during the test year. Applying the composite depreciation rates that were derived pursuant to the above mentioned rule to the appropriate CIAC account balances offsets depreciation expense by \$349 for water system and \$883 for the wastewater system during the test year. Therefore, we find the appropriate depreciation expense, net of amortization of CIAC, is \$879 for the water system and \$2,120 for the wastewater system. We find that the appropriate composite depreciation rates are 3.16% for the water system and 3.58% for the wastewater system.

Taxes Other Than Income Taxes

The utility recorded no expenses in either the water or wastewater accounts during the test period. The water system expense was increased by \$240 to reflect unrecorded property taxes. This amount was reduced by \$141 to reflect the non-used and useful adjustment. The expense was increased by \$182 to reflect the regulatory assessment fees associated with our calculated revenue. The wastewater system expense was increased by \$1,529 to reflect unrecorded property taxes. The expense was reduced by \$1,483 to reflect the non-used and useful adjustment. This amount was increased by \$182 to reflect the regulatory assessment fees associated with our calculated revenues. This expense has been increased by an additional \$283 for water and \$682 for wastewater to reflect the regulatory assessment fee of 4.5 percent on the compensatory increase.

Operating Expenses Summary

Based on the foregoing, the appropriate operating expenses are \$7,783 for the water system and \$13,789 for the wastewater system.

REVENUE REQUIREMENT

Based upon our review of the utility's books and records and the adjustments made herein, we find that the compensatory annual revenue requirements for this utility are \$10,346 for water and \$19,195 for wastewater. These revenue requirements represent an increase of \$6,296 or 155 percent for water and \$15,145 or 374 percent for wastewater.

The compensatory revenue requirements would result in substantial rate shock to the utility's customers. Therefore, the utility has agreed to forego a return on its investment, and to accept rates which exclude any recognition of management's time and office facilities. The utility's decision to accept less than compensatory rates will lessen the customers' rate shock.

Therefore, with the utility's agreement, we find the appropriate revenue requirements for the utility to be \$7,663 for water and \$13,536 for wastewater. These revenue requirements represent increases of 89 percent and 234 percent, for the water and wastewater systems, respectively.

The rates that we have approved will result in an average combined utility bill of \$39.55, which is \$15.47 less than the average bill of \$55.02 when using the fully compensatory rates. These rate increases are substantial, but we believe that such an increase is necessary in order to allow the utility to continue providing adequate service to its customers.

RATES AND CHARGES

Monthly Rates

The utility currently utilizes our preferred rate structure, the base facility/gallage charge rate structure (BFC); therefore, we are not changing the rate structure. However, the utility's rates for wastewater services do not contain a provision for a cap based on water usage. Therefore, as is our practice, we are setting a cap at 10,000 gallons per month, in order to recognize the fact that all metered water does not return to the wastewater collection system for treatment.

The informational compensatory rates set forth below are designed to allow the utility to recover its expenses and earn an 11.24 percent return on its investment in used and useful plant in service, plus an allowance for working capital. However, we have calculated new rates for the utility which are designed to allow it to achieve the revenue requirements approved herein. We find that these new rates are fair, just, and reasonable, and are not unduly discriminatory. The utility's existing rates, fully compensatory rates and the rates which we hereby approve are set forth below for comparison.

M O N T H L Y

WATER

General and Residential Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>Informational</u> <u>Compensatory</u>	<u>Commission</u> <u>Approved</u>
5/8" x 3/4"	\$ 4.75	\$ 7.71	\$ 7.71
3/4"	7.13	11.57	11.57
1"	11.86	19.28	19.28
1-1/2"	23.75	38.55	38.55
2"	38.00	61.68	61.68
3"	76.00	123.36	123.36
4"	118.75	192.75	192.75
Gallonage Charge (per 1000 gallons)	\$.65	\$ 2.69	\$ 1.53

Irrigation Service

<u>Base Facility Charge</u> <u>Meter Size</u>	<u>Existing</u>	<u>Informational</u> <u>Compensatory</u>	<u>Commission</u> <u>Approved</u>
All meter sizes	n/a	n/a	n/a
Gallonage Charge (per 1,000 gallons)	n/a	n/a	\$ 1.53

WASTEWATER

General Service

<u>Base Facility Charge Meter Size</u>	<u>Existing</u>	<u>Informational Compensatory</u>	<u>Commission Approved</u>
5/8" x 3/4"	\$ 4.75	\$ 16.11	\$ 10.69
3/4"	7.13	24.17	16.04
1"	11.86	40.28	26.73
1-1/2"	23.75	80.55	53.45
2"	38.00	128.88	85.52
3"	76.00	257.76	171.04
4"	118.75	402.75	267.25
Gallonage Charge (per 1000 gallons)	\$.65	\$ 6.23	\$ 4.61

Residential Service

<u>Base Facility Charge Meter Size</u>	<u>Existing</u>	<u>Informational Compensatory</u>	<u>Commission Approved</u>
All meter sizes	\$ 4.75	\$ 16.11	\$ 10.69
Gallonage Charge (per 1000 gallons with no maximum)	\$.65	n/a	n/a
Gallonage Charge (per 1000 gallons maximum 10,000)	n/a	\$ 5.19	\$ 3.84

The rates approved above shall be effective for meter readings taken on or after 30 days after the stamped approval date on the revised tariff pages. The utility shall submit revised tariff pages reflecting the approved rates along with a proposed customer notice listing the new rates and explaining the reasons therefor. The revised tariff pages will be approved upon our staff's verification that the tariff pages are consistent with our decision herein and that the proposed customer notice is adequate.

Miscellaneous Service Charges

The utility's current tariff does not contain a provision for miscellaneous service charges. We hereby authorized the utility to charge the miscellaneous service charges set forth below. These charges are designed to provide revenues to a utility for service other than the direct provision of potable water and wastewater collection and treatment. The applicable rates and definitions of the four types of miscellaneous service charges follow.

	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$ 15.00	\$ 15.00
Normal reconnection	15.00	15.00
Violation reconnection	15.00	actual cost
Premises Visit	10.00	10.00

Where both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. Actual cost for a wastewater violation reconnection is limited to materials and equipment rental.

A definition of each charge is provided for clarification:

1) Initial Connection - This charge is to be levied for service initiation at a location where service did not exist previously.

2) Normal Reconnection - This charge is to be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

3) Violation Reconnection - This charge is to be levied prior to reconnection of service for cause according to Rule 25-30.320 (2), Florida Administrative Code, including a delinquency in bill payment.

4) Premises Visit Charge (in lieu of disconnection) - This charge is to be levied when a service representative visits a premises to discontinue service for nonpayment of a due and collectible bill and does not discontinue service because the

customer says the service representative or otherwise makes satisfactory arrangements to pay the bill.

The miscellaneous service charges approved above will be effective for service rendered on or after the stamped approval date on the revised tariff pages.

Statutory Rate Reduction

Section 367.0816, Florida Statutes, requires that rate case expense be apportioned for recovery over a period of four years. The statute further requires that the rates of the utility be reduced immediately after the four year period by the amount of rate case expense previously included in the rates. This statute applies to all rate cases filed on or after October 1, 1989.

The water and wastewater revenue requirements grossed-up for regulatory assessment fees, should be reduced \$40, respectively. The revenue reductions reflect the annual rate case amount amortized (expensed) plus the gross-up for regulatory assessment fees.

The utility shall file revised tariff pages no later than one month prior to the actual date of the required rate reduction. Also, at the same time, the utility shall file a proposed "customer letter" setting forth the lower rates and the reason for the reduction.

If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Temporary Rates in the Event of Protest

This Order proposes an increase in water and wastewater rates. A timely protest could delay what may prove to be a justified rate increase pending the completion of a formal hearing and issuance of a final order, thus resulting in an unrecoverable loss of revenue to the utility. Therefore, in the event that a timely protest is filed by anyone other than the utility, we hereby authorize the utility to collect the monthly service rates approved herein, on a

temporary basis, subject to refund, provided that the utility furnishes adequate security for a potential refund through a bond, letter of credit, or escrow account.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$15,000.00. If the utility chooses a bond as security, the bond should contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit as a security, it should contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect.
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If the security provided is an escrow account, said account shall be established between the utility and an independent financial institution pursuant to a written agreement and the following conditions should be part of the agreement:

- 1) No refunds in the escrow account may be withdrawn by the utility without the express approval of the Commission.
- 2) The escrow account shall be an interest bearing account.
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.

6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.

7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Consentino v. Elson, 263 So.2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

8) The Director of Records and Reporting must be a signatory to the escrow agreement.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as a result of the rate increase should be maintained by the utility. This account must specify by whom and on whose behalf such monies were paid. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), Florida Administrative Code.

The utility should maintain a record of the revenues that are subject to refund. In addition, after the increased rates are in effect, the utility should file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the application of Springside at Manatee, Ltd., for an increase in its water and wastewater rates in Levy County is approved to the extent set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that all of the provisions of this Order, except for the granting of temporary rates in the event of protest, are issued

as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that Springside at Manatee, Ltd., is authorized to charge the new rates and charges as set forth in the body of this Order. It is further

ORDERED that the rates approved herein shall be effective for meter readings taken on or after 30 days after the stamped approval date on the revised tariff sheets. It is further

ORDERED that the miscellaneous service charges approved herein shall be effective for services rendered on or after the stamped approval date on the revised tariff pages. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Springside at Manatee, Ltd., shall submit and have approved a proposed notice to its customers of the increased rates and charges and the reasons therefor. The notice will be approved upon Staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Springside at Manatee, Ltd., shall submit and have approved a bond or letter of credit in the amount of \$15,000.00 or an escrow agreement as a guarantee of any potential refund of revenues collected on a temporary basis as set forth in the body of this Order. It is further

ORDERED that prior to its implementation of the rates and charges approved herein, Springside at Manatee, Ltd., shall submit and have approved revised tariff pages. The revised tariff pages will be approved upon Staff's verification that they are consistent with our decision herein and that the protest period has expired. It is further

ORDERED that within 60 days following the date of issuance of this Order, Springside at Manatee, Ltd. shall replace or repair the transfer line at its water plant. It is further

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ORDERED that within 60 days of the date of issuance of this Order, Springside at Manatee, Ltd. install a meter to the model home in order to account for the water used, and to charge the base facility and gallonage charges for said water. It is further

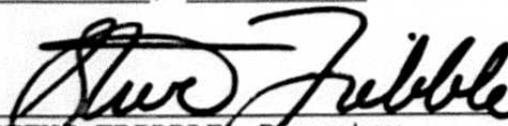
ORDERED that for the 12 months following the date of issuance of this Order, Springside at Manatee, Ltd. shall file with this Commission quarterly reports which detail the amount of water leaving the plant, the amount of metered water sold, and an accounting for any difference in the two figures. It is further

ORDERED that within the 12 months following the date of issuance of this Order, Springside at Manatee, Ltd. shall submit the findings of the meter bench tests which shall be performed on a minimum of 20 percent of the customer base. The meters to be tested must have been in service for more than two years. It is further

ORDERED that in the event a substantially affected person other than the utility, Springside at Manatee, Ltd., protests this proposed agency action, the utility may implement the monthly service rates herein approved on a temporary basis under the terms and conditions set forth in the body of this Order. The temporary rates portion of this Order is not issued as proposed agency action. It is further

ORDERED that in the event no timely protest is received, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this
13th day of APRIL, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

RG

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.

As identified in the body of this order, our action, except for the granting of temporary rates in the event of a protest, 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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on MAY 4, 1992. In the absence of such a petition, this order shall become effective on the date 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 the relevant portion of this order becomes final and effective on the date described above, any party adversely 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 sewer 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.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer 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 after the issuance 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.

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SPRINGSIDE AT MANATEE, LTD.
 DOCKET NO. 910909-WS
 TEST YEAR ENDED 12/31/90
 SCHEDULE OF RATE BASE - WATER
 SCHEDULE NO. 1W

	BALANCE PER UTILITY		COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----		-----	-----
DEPRECIABLE PLANT IN SERVICE	\$86,319	A	(\$47,942)	\$38,377
LAND AND LAND IMPROVEMENTS	\$1,522	B	(\$894)	\$628
ACCUMULATED DEPRECIATION & AMORTIZATION	(\$16,616)	C	\$9,993	(\$6,623)
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(\$4,250)	D	(\$6,801)	(\$11,051)
ACCUMULATED AMORTIZATION OF CIAC	\$483	E	\$197	\$680
WORKING CAPITAL ALLOWANCE	\$0	F	\$792	\$792
	-----		-----	-----
	\$67,458		(\$44,655)	\$22,803
	=====		=====	=====

SPRINGSIDE AT MANATEE, LTD.
DOCKET NO. 910909-WS
TEST YEAR ENDED 12/31/90
SCHEDULE OF RATE BASE ADJUSTMENTS - WATER
SCHEDULE NO. 1W(A)

A. Depreciable Plant-in-Service

1. Record estimated cost of meters for thirteen customers connected 10/21/88 through 12/31/90 (\$101 x 13)	\$1,313
2. Record estimated cost of services for thirteen customers connected 10/21/88 through 12/31/90 (\$120 x 13)	\$1,560
3. Averaging adjustment	(\$221)
4. Nonused and useful	(\$50,594)

	(\$47,942)
	=====

B. Land and Land Improvements

Nonused and useful	(\$894)
	=====

C. Accumulated Depreciation and Amortization

1. Adjust to staff-calculated balance at 12/31/90, using the authorized 3 percent depreciation rate to 12/31/89 and rates prescribed by Rule 25-30.140 for the test year	(\$690)
2. Averaging adjustment	\$1,406
3. Nonused and useful	\$9,277

	\$9,993
	=====

D. Contributions in Aid of Construction (CIAC)

1. Adjust to amount in Order No. 23970	(\$425)
2. Record CIAC, based on authorized charges and number of connections 10/21/88 through 12/31/90 (\$425 x 13)	(\$5,525)
3. Averaging adjustment	\$424
4. Imputed CIAC, based on authorized charges and number of customers included in margin of reserve used and useful.	(\$1,275)

	(\$6,801)
	=====

E. Accumulated Amortization of CIAC

1. Adjust to staff-calculated balance at 12/31/90, using staff-calculated CIAC and composite depreciation rates	\$311
2. Averaging adjustment	(\$154)
3. Imputed amortization, based on imputed margin of reserve CIAC	\$40

	\$197
	=====

F. Working Capital Allowance

One-eighth of O & M expenses	\$792
	=====

SPRINGSIDE AT MANATEE, LTD.
 DOCKET NO. 910909-WS
 TEST YEAR ENDED 12/31/90
 SCHEDULE OF RATE BASE - WASTEWATER
 SCHEDULE NO. 1WW

	BALANCE PER UTILITY		COMMISSION ADJUSTMENTS	BALANCE PER COMMISSION
	-----		-----	-----
DEPRECIABLE PLANT IN SERVICE	\$188,218	A	(\$104,598)	\$83,620
LAND AND LAND IMPROVEMENTS	\$5,422	B	(\$3,023)	\$2,399
ACCUMULATED DEPRECIATION & AMORTIZATION	(\$38,221)	C	\$22,077	(\$16,144)
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(\$9,500)	D	(\$15,200)	(\$24,700)
ACCUMULATED AMORTIZATION OF CIAC	\$1,081	E	\$495	\$1,576
WORKING CAPITAL ALLOWANCE	\$0	F	\$1,345	\$1,345
	-----		-----	-----
	\$147,000		(\$98,904)	\$48,096
	=====		=====	=====

SPRINGSIDE AT MANATEE, LTD.
 DOCKET NO. 910909-WS
 TEST YEAR ENDED 12/31/90
 SCHEDULE OF RATE BASE ADJUSTMENTS - WASTEWATER
 SCHEDULE NO. 1W(A)

A. Depreciable Plant-in-Service

1. Record estimated cost of services for thirteen customers connected 10/21/88 through 12/31/90 (\$125 x 13)	\$1,625
3. Averaging adjustment	(\$125)
4. Nonused and useful	(\$106,098)

	(\$104,598)
	=====

B. Land and Land Improvements

Nonused and useful	(\$3,023)
	=====

C. Accumulated Depreciation and Amortization

1. Adjust to staff-calculated balance at 12/31/90, using the authorized 3 percent depreciation rate to 12/31/89 and rates prescribed by Rule 25-30.140 for the test year	(\$2,097)
2. Averaging adjustment	\$3,391
3. Nonused and useful	\$20,783

	\$22,077
	=====

D. Contributions in Aid of Construction (CIAC)

1. Adjust to amount in Order No. 23970	(\$950)
2. Record CIAC, based on authorized charges and number of connections 10/21/88 through 12/31/90 (\$950 x 13)	(\$12,350)
3. Averaging adjustment	\$950
4. Imputed CIAC, based on authorized charges and number of customers included in margin of reserve used and useful.	(\$2,850)

	(\$15,200)
	=====

E. Accumulated Amortization of CIAC

1. Adjust to staff-calculated balance at 12/31/90, using staff-calculated CIAC and composite depreciation rates	\$784
2. Averaging adjustment	(\$391)
3. Imputed amortization, based on imputed margin of reserve CIAC	\$102

	\$495
	=====

F. Working Capital Allowance

One-eighth of O & M expenses	\$1,345
	=====

SPRINGSIDE AT MANATEE, LTD.
 DOCKET NO. 910909-WS
 TEST YEAR ENDED 12/31/90
 SCHEDULE OF COST OF CAPITAL
 SCHEDULE NO. 2

	BALANCE PER UTILITY	COMMISSION ADJUSTMENTS AND RECONCILING ADJUSTMENTS	BALANCE PER COMMISSION	RATIO	COST	WEIGHTED AVERAGE COST
PARTNERSHIP CAPITAL	(\$292,144)	\$253,979	(\$38,165)	0.5383	0.1230	0.0662
LONG-TERM DEBT	(\$250,564)	\$217,831	(\$32,733)	0.4617	0.1000	0.0462
	-----	-----	-----	-----	-----	-----
	(\$542,708)	\$471,810	(\$70,898)	1.0000		0.1124
	=====	=====	=====	=====		=====

SPRINGSIDE AT MANATEE, LTD.
 DOCKET NO. 910909-WS
 TEST YEAR ENDED 12/31/90
 SCHEDULE OF NET OPERATING INCOME - WATER
 SCHEDULE NO. 3W

	TOTAL PER UTILITY	COMMISSION ADJUSTMENTS	TOTAL PER COMMISSION	COMMISSION ADJUSTMENTS FOR INCREASE	TOTAL FOR INCREASE
OPERATING REVENUES	(\$5,341) A	\$1,291	(\$4,050) G	(\$6,296)	(\$10,346)
OPERATING AND MAINTENANCE EXPENSES	\$6,148 B	\$192	\$6,340	\$0	\$6,340
DEPRECIATION AND AMORTIZATION	\$2,590 C	(\$1,362)	\$1,228	\$0	\$1,228
AMORTIZATION OF CIAC	(\$128) D	(\$221)	(\$349)	\$0	(\$349)
TAXES OTHER THAN INCOME	\$0 E	\$281	\$281 H	\$283	\$565
INCOME TAXES	\$0 F	\$0	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$8,610	(\$1,110)	\$7,500	\$283	\$7,783
NET OPERATING (INCOME)/LOSS	\$3,269	\$181	\$3,450	(\$6,013)	(\$2,563)
RATE BASE	\$67,658		\$22,803		\$22,803
RATE OF RETURN	-0.0485		-0.1513		0.1124

SPRINGSIDE AT MANATEE, LTD.
DOCKET NO. 910909-WS
TEST YEAR ENDED 12/31/90
SCHEDULE OF NET OPERATING INCOME ADJUSTMENTS - WATER
SCHEDULE NO. 3W(A)

A. Operating Revenues

Adjust to estimated revenues, removing CIAC misclassified as revenues	\$1,291
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=====

B. O & M Expenses

1. Reclassify to Contractual Services	(\$960)
2. Reduce power expense to audited amount	(\$937)
3. Reclassify from Salaries and Wages	\$960
4. Testing costs	\$53
5. Lawn mowing	\$675
6. Transportation allowance	\$520
7. Insurance expense allowance	\$48
8. Reclassify regulatory assessment fees to taxes other than income	(\$204)
9. Pro forma allowance for filing fee for this proceeding	\$37

\$192
=====

C. Depreciation Expense

1. Adjust to rates prescribed by Rule 25-30.140, Florida Administrative Code, and staff-adjusted depreciable plant	\$221
2. Nonused and useful	(\$1,583)

(\$1,362)
=====

D. CIAC Amortization

1. Adjust to composite depreciation rate and staff-adjusted CIAC	(\$181)
2. Amortization associated with imputed margin of reserve CIAC	(\$40)

(\$221)
=====

E. Taxes Other Than Income Taxes

1. Record unrecorded property taxes	\$240
2. Nonused and useful portion of E1 above	(\$141)
3. Regulatory assessment fees associated with staff-calculated revenue	\$182

	\$281
	=====

F. Operating Revenue

Increase which will allow utility opportunity to recover its operating expenses and earn a fair return on its investment	(\$6,296)
	=====

G. Taxes Other Than Income Taxes

Regulatory assessment fees associated with revenue increase	\$283
	=====

SPRINGSIDE AT MANATEE, LTD.
DOCKET NO. 910909-WS
TEST YEAR ENDED 12/31/90
SCHEDULE OF NET OPERATING INCOME - WASTEWATER
SCHEDULE NO. 3WW

	TOTAL PER UTILITY	COMMISSION ADJUSTMENTS	TOTAL PER COMMISSION	COMMISSION ADJUSTMENTS FOR INCREASE	TOTAL FOR INCREASE
OPERATING REVENUES	(\$5,342) A	\$1,292	(\$4,050) G	(\$15,145)	(\$19,195)
OPERATING AND MAINTENANCE EXPENSES	\$8,756 B	\$2,005	\$10,761	\$0	\$10,761
DEPRECIATION AND AMORTIZATION	\$5,647 C	(\$2,644)	\$3,003	\$0	\$3,003
AMORTIZATION OF CIAC	(\$285) D	(\$598)	(\$883)	\$0	(\$883)
TAXES OTHER THAN INCOME	\$0 E	\$228	\$228 H	\$682	\$909
INCOME TAXES	\$0 F	\$0	\$0	\$0	\$0
TOTAL OPERATING EXPENSES	\$14,118	(\$1,010)	\$13,108	\$682	\$13,789
NET OPERATING (INCOME)/LOSS	\$8,776	\$282	\$9,058	(\$14,463)	(\$5,406)
RATE BASE	\$147,000		\$48,096		\$48,096
RATE OF RETURN	-0.0597		-0.1883		0.1124

SPRINGSIDE AT MANATEE, LTD.
DOCKET NO. 910909-WS
TEST YEAR ENDED 12/31/90
SCHEDULE OF NET OPERATING INCOME ADJUSTMENTS - WASTEWATER
SCHEDULE NO. 3WM(A)

A. Operating Revenues

Adjust to estimated revenues, removing CIAC misclassified as revenues	\$1,292
	=====

B. O & M Expenses

1. Reclassify to Contractual Services	(\$960)
2. Increase power expense to audited amount	\$1,176
3. Reclassified as capital expenditure	(\$1,017)
4. Reclassify from Salaries and Wages	\$960
5. Testing costs	\$790
6. Lawn mowing	\$600
7. Transportation allowance	\$520
8. Insurance expense allowance	\$102
9. Reclassify regulatory assessment fees to taxes other than income	(\$204)
10. Pro forma allowance for filing fee for this proceeding	\$37

	\$2,004
	=====

C. Depreciation Expense

1. Adjust to rates prescribed by Rule 25-30.140, Florida Administrative Code, and staff-adjusted depreciable plant	\$1,137
2. Nonused and useful	(\$3,781)

	(\$2,644)
	=====

D. CIAC Amortization

1. Adjust to composite depreciation rate and staff-adjusted CIAC	(\$496)
2. Amortization associated with imputed margin of reserve CIAC	(\$102)

	(\$598)
	=====

E. Taxes Other Than Income Taxes

1. Record unrecorded property taxes	\$46
2. Regulatory assessment fees associated with staff-calculated revenue	\$182

	\$228
	=====

F. Operating Revenue

Increase which will allow utility opportunity to recover its operating expenses and earn a fair return on its investment	(\$15,145)
	=====

G. Taxes Other Than Income Taxes

Regulatory assessment fees associated with revenue increase	\$682
	=====

SPRINGSIDE AT MANATEE, LTD.
 DOCKET NO. 910909-WS
 TEST YEAR ENDED 12/31/90
 OPERATION AND MAINTENANCE EXPENSES - WATER

Account Number	Description	Total per Utility 1/1-12/31/90	Commission Adjustments	Total per Staff 1/1-12/31/90
-----	-----	-----	-----	-----
601	Salaries & Wages - Employees	\$960	(\$960)	\$0
603	Salaries & Wages - Officers, Directors & Stockholders	\$0	\$0	\$0
604	Employee Pensions & Benefits	\$0	\$0	\$0
610	Purchased Water	\$0	\$0	\$0
615	Purchased Power	\$1,688	(\$937)	\$751
616	Fuel for Power Production	\$0	\$0	\$0
618	Chemicals	\$0	\$0	\$0
620	Materials and Supplies	\$98	\$0	\$98
630	Contractual Services	\$3,198	\$1,687	\$4,885
640	Rents	\$0	\$0	\$0
650	Transportation	\$0	\$520	\$520
655	Insurance	\$0	\$48	\$48
665	Regulatory Commission Expense	\$204	(\$167)	\$38
670	Bad Debt Expense	\$0	\$0	\$0
675	Misc. Expenses	\$0	\$0	\$0
		-----	-----	-----
		\$6,148	\$192	\$6,340
		=====	=====	=====