



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 11, 2002
TO: Chairman Jaber
FROM: Timothy J. Devlin, Director, Division of Economic Regulation
Rosanne Gervasi, Senior Attorney, Office of the General Counsel
RE: Docket No. 020071-WS - Request by Utilities, Inc. of Florida for Approval of File and Suspend Rate Increase in Marion, Orange, Pasco, Pinellas and Seminole Counties - Test Year Approval

By letter dated February 26, 2002 (supplementing previous correspondence), Utilities, Inc. of Florida (UIF) has requested approval to use a historical test year ended December 31, 2001. This rate increase application will be for each of its five county systems, and separate minimum filing requirements (MFRs) will be filed for each system. UIF is also requesting that it be allowed to file its MFRs on or before June 1, 2002. The utility has stated that it will seek interim rate relief using the year ended December 31, 2001 as a test year. Further, the utility stated that it will not file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes.

The utility has indicated that the proposed test year ended December 31, 2001 is representative of the current operations, with one exception. UIF's filing will include a pro forma expense of approximately \$100,000 to \$150,000 per year for a Seminole County system in connection with a wastewater interconnection with the City of Sanford. After this operational change has been incorporated into the filing, UIF believes that the historical test year will be a representative period to measure the cost of service and establish new rates. UIF states that there is no material growth in the systems, the expenses incurred by the utility are typical, and this test year is the most current year for which financial information is available.

The last rate case for the Pinellas and Marion County systems was in Docket No. 930826-WS, which utilized a 1992 calendar year as the test year. That proceeding was concluded with the approval of a stipulation in Order No. PSC-94-1186-FOF-WS, issued September 28, 1994. UIF's last general rate case for its Seminole, Orange and Pasco County systems was in Docket No. 940917-WS and utilized a 1993 calendar year as the test year. A final order in that case was entered in Order No. PSC-95-0574-FOF-WS, issued May 9, 1995.

Staff believes that the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for the calendar years 1998 through 2000. Based on our review, we believe that the requested test year should be approved. Receipt of the application by June 30, 2002, will be acceptable.

The test year letter filename is S:\psc\ecr\wp\uif_tya.wpd.

Dr. Mary Bane, Executive Director
Division of Auditing and Safety (Vandiver)
Division of Commission Clerk & Administration
Jackie Edwards

DOCUMENT NUMBER-DATE

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LILA A. JABER
CHAIRMAN

STATE OF FLORIDA



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Public Service Commission

March 11, 2002

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Docket No. 020071-WS, Request by Utilities, Inc. of Florida for Approval of File and Suspend Rate Increase in Marion, Orange, Pasco, Pinellas and Seminole Counties

Dear Mr. Friedman:

We have received your letter dated February 26, 2002 (supplementing previous correspondence), requesting test year approval for Utilities, Inc. of Florida (UIF or utility). Your correspondence states that the utility is requesting to use a historical test year ended December 31, 2001, with pro forma adjustments. UIF is also requesting that it be allowed to file its minimum filing requirements (MFRs) on or before June 1, 2002. Your correspondence states that the utility intends to file five separate sets of MFRs, one for each county where systems are located. In your correspondence, you state that the utility intends to seek interim rate relief using the year ended December 31, 2001 as a test year. Further, you state that the utility does not intend to file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes. The utility's test year request as outlined above is hereby approved. You should also be aware that prefiled direct testimony must be filed with the MFRs if you do not elect to request the PAA process.

For administrative purposes only, Docket No. 020071-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of the Commission Clerk & Administrative Services receives the complete petition, revised tariff sheets, the MFRs, testimony (if not requesting PAA), and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than June 30, 2002. Because of the difficulty in scheduling hearing dates it is not anticipated that an extension of this filing date will be granted.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. The utility is instructed to file all information with its original filing that it wishes the Commission to consider. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation

Mr. Martin S. Friedman
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required, there is a possibility that information filed at a later time will not be considered. Lastly, the utility should be prepared to justify its requested test year operation and maintenance expenses, particularly those which have increased above the level of customer growth and inflation from those approved for the December 31, 1992 test year in Docket No. 930826-WS and the December 31, 1993 test year in Docket No. 940917-WS.

Sincerely,

Lila A. Jaber
Chairman

LAJ:jbk

cc: Dr. Mary Bane, Executive Director
Division of The Commission Clerk & Administrative Services
Division of Economic Regulation (Willis, Merchant, Kyle)
Office of the General Counsel (Gervasi, Espinoza)
Division of Auditing and Safety (Vandiver)