

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by LONGWOOD )	DOCKET NO. 871059-SU
UTILITIES, INC. for rate increase )	ORDER NO. 20779
in Seminole County. )	ISSUED: 2-20-89

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD  
JOHN T. HERNDON

ORDER APPROVING STIPULATION

BY THE COMMISSION:

On July 1, 1988, Longwood Utilities, Inc. (Longwood) completed the minimum filing requirements for a rate increase and that date was established as the official date of filing. The approved test year is the twelve-month period ending December 31, 1987. During the test year, Longwood's sewer system served an average of 1,413 residential and 67 general service customers.

In its application, Longwood requested final rates designed to generate gross annual revenues of \$564,054 for sewer service. These revenues exceed test year revenues by \$228,587 (68.14%). By Order No. 19903, issued August 30, 1988, we suspended Longwood's proposed rates and granted interim rates, subject to refund with interest, designed to generate annual revenues of \$404,966, which represents an increase of \$69,499 (20.72%).

On its own motion, the Commission scheduled this matter for a formal administrative hearing, to be held in Longwood's service area, on November 10, 1988.

On September 9, 1988, Gloria Young, a customer of Longwood, filed a petition to intervene in this proceeding on her own behalf as well as in her capacity as Secretary of the Barrington Homeowners' Association, Inc. By Order No. 20012, issued September 15, 1988, we granted Ms. Young's petition to intervene.

On October 18, 1988, the Office of Public Counsel (OPC) filed a petition to intervene in this proceeding on behalf of the general body of ratepayers. By Order No. 20240, issued October 31, 1988, we granted OPC's petition to intervene.

On October 19, 1988, a prehearing conference was held before Commissioner Thomas M. Beard, as Prehearing Officer. By Order No. 20255, issued November 3, 1988, the Prehearing Officer established the issues, positions and procedures to govern the formal hearing.

On November 10, 1988, a formal hearing was held near Longwood's service area. Approximately twenty customers attended this hearing and a total of twelve customers presented testimony, primarily regarding the magnitude of Longwood's proposed increase.

DOCUMENT NUMBER-DATE  
01877 FEB 20 1989  
FPSC-RECORDS/REPORTING

A second hearing date had originally been scheduled, if needed, for November 21, 1988, in Tallahassee, but was rescheduled for December 21 and 22, 1988, in Longwood's service area. On December 19, 1988, these additional hearing dates were cancelled based upon the parties' informally notifying this Commission that they had reached a settlement. On January 30, 1989, the parties filed a signed copy of their Stipulation of Settlement with this Commission, a copy of which is attached to this Order as Appendix A and which is, by reference, expressly incorporated herein.

The Stipulation of Settlement establishes a monthly flat residential sewer rate of \$23.25, which is less than Longwood's requested rate of \$29.30. We believe that this is a reasonable rate for this utility. The Stipulation of Settlement also establishes monthly general service sewer rates based upon the base facility charge rate structure. We believe that these rates are also reasonable. Accordingly, we find that the Stipulation of Settlement represents a sensible solution to this matter and will save Longwood, its customers, the intervenors and this Commission the time and expense of any further proceedings. The Stipulation of Settlement is, therefore, approved. Longwood shall notify each affected customer of the rates and the miscellaneous service and delinquency charges approved herein. In addition, Longwood shall notify developers of the approved allowance for funds prudently invested (AFPI) Charge. These notices shall be separate and apart from each other.

It is, therefore,

ORDERED by the Florida Public Service Commission that the Stipulation of Settlement between Longwood Utilities, Inc., the Office of Public Counsel and Gloria Young, attached hereto as Appendix A, is hereby approved as set forth in the body of this Order. It is further

ORDERED that Appendix A is, by reference, expressly incorporated herein. It is further

ORDERED that Longwood Utilities, Inc. shall collect the rates and charges as set forth in Appendix A. It is further

ORDERED that Longwood Utilities, Inc. shall notify each affected customer of the rates and charges approved herein. In addition, Longwood Utilities, Inc. shall notify every developer who has made a written request or received a written estimate for service within the preceding twelve months. The notices to the customers and to the developers shall be separate and apart from each other. These notices shall be submitted to this Commission for prior approval. It is further

ORDERED that Longwood Utilities, Inc. shall file revised tariff pages, which will be approved upon Staff's verification that the revised tariff pages accurately reflect this Commission's decision on these matters and upon its approval of the proposed customer notices. It is further

ORDERED that the rates approved herein shall be effective for service rendered on or after February 1, 1989. It is further

ORDER NO. 20779  
DOCKET NO. 871059-SU  
PAGE 3

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

By ORDER of the Florida Public Service Commission,  
this 20th day of FEBRUARY, 1989.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

RJP

ORDER NO. 20779  
DOCKET NO. 871059-SU  
PAGE 3

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

By ORDER of the Florida Public Service Commission, this 20th day of FEBRUARY, 1989.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

RJP

BEFORE THE PUBLIC SERVICE COMMISSION

RE: Application by Longwood ) Docket Number 871059-SU  
Utilities Company, Inc. for )  
Rate Increase in Seminole )  
County, Florida )  
\_\_\_\_\_ )

STIPULATION OF SETTLEMENT

Longwood Utilities, Inc. (hereinafter referred to as "Utility"); the Office of Public Counsel (hereinafter referred to as "Citizens") and Gloria Young (hereinafter referred to as "Intervenor") do hereby stipulate and agree as follows:

1. The agreements contained in this Stipulation of Settlement are not necessarily reflective of any party's position on the substantive issues raised in this Docket. All parties reserve and preserve their positions and legal rights on all matters not previously stipulated to and not stipulated to hereinbelow. The parties recognize that this Stipulation of Settlement was entered into in a spirit of compromise and in an effort to eliminate the additional expenses which would be incurred in connection with further proceedings in this Docket.

2. On June 9, 1988 the Utility filed with the Public Service Commission (hereinafter referred to as the "Commission") its petition for increased rates for sewer service for its customers in Seminole County, Florida. The Utility specifically requested the following rates:

Residential

\$29.30 Flat Rate

<u>General Service</u>	<u>Meter Size</u>	<u>B F C</u>
Base Facility Charge	5/8" x 3/4"	\$ 14.24
Per Month Based On	1"	\$ 35.60
Meter Sizes For Zero	1 1/2"	\$ 71.20
Consumption	2"	\$113.92
	3"	\$213.60

Gallage Charge per 1,000 gallons - - \$2.31

3. All parties hereby agree that a flat rate structure for residential services will be retained inasmuch as a base facility charge rate structure would, in this case, result in higher overall costs to the customers of the Utility.

457

4. All parties hereby expressly agree to accept the following schedule of monthly rates as the stipulated rates in this rate case:

Residential

\$23.25 flat rate

<u>General Service</u>	<u>Meter Size</u>	<u>B F C</u>
Base Facility Charge	5/8" x 3/4"	\$ 10.19
Per Month Based On	1"	\$ 25.48
Meter Sizes For Zero	1 1/2"	\$ 50.95
Consumption	2"	\$ 81.52
	3"	\$163.04

General Service Gallonage Charges per 1,000 gallons - \$1.88

5. All parties hereby agree that the appropriate capital structure for this Utility is 53.90% common equity, 44.10% long-term debt and 2% customer deposits and that the appropriate return on common equity is 13.34% while the appropriate cost for long-term debt is 12% and the appropriate cost for customer deposits is 8% resulting in an overall weighted cost of capital of 12.64%, all as previously stipulated to by the parties and set forth as Stipulations Nos. 3, 4, 5, 6 and 7 in the Commission's Prehearing Order, Order No. 20255 issued November 3, 1988 (hereinafter the "Prehearing Order").

6. All parties expressly agree that the plant additions in the amount of \$110,788.00 as referenced in Issue No. 2 of the Prehearing Order, are hereby recognized, acknowledged and accepted as documented additions to utility plant in service for purposes of this and future rate cases.

7. All parties hereby acknowledge and agree that the \$27,129.00 of previously expensed engineering costs, later reclassified as plant, as referenced in Issue No. 6 of the Prehearing Order, should not be credited as CIAC for purposes of this and future rate cases.

8. All Parties hereby expressly agree that the Utility shall be entitled and permitted to collect a late payment penalty of 1.5% per month for all amounts which are delinquent for more than thirty (30) days. The late payment penalty shall accrue

458

from the date said amount(s) were originally due through the date actual payment is made and the Utility's Tariff shall be amended to reflect the same.

9. All Parties hereby specifically agree that the Utility shall be entitled to collect miscellaneous service charges in accordance with Staff Advisory Bulletin Number 13, Second Revised, as follows:

- Initial Connection Charge.....\$15.00
- Normal Re-Connection Charge.....\$15.00
- Violation Re-Connection Charge.....Actual Cost
- Premises Visit Charge.....\$10.00

10. The Utility hereby agrees that it will not file a petition for a rate increase pursuant to Section 367.081(2), Florida Statutes, at any time prior to January 1, 1991, (it is noted, however, that 1990 may be used as an historical test year and the Utility may file for the same, provided that all of the Commission policies are followed) except for the limited purposes and under the circumstances more particularly set forth hereinbelow. All of the parties hereto agree that the Utility shall be permitted to file a single-issue rate case pursuant to the provisions of Chapter 367, Florida Statutes, upon, under and subject to the following circumstances:

A. In the event that the Department of Environmental Regulation adopts or enacts any rule, regulation, requirement, policy, law or similar mandate or proviso with respect to, or in regulation of, the managing, testing, storing, treating and/or removing (or the method or manner employed in connection therewith) sludge by utilities which would result in or have the effect of, increasing the cost or expense of the Utility associated therewith; or

B. In the event that the expense or cost to the Utility, related to removing and hauling sludge from the Utility's plant increases as a result of an increase in the actual cost incident to sludge hauling services. Said

ORDER NO. 20779  
DOCKET NO. 871059-SU  
PAGE 7

increase in the actual cost incident to sludge hauling services shall be evidenced by a written agreement for sludge hauling services negotiated by the Utility, at arms length setting forth a cost in excess of \$37.50 per thousand gallons. It is acknowledged by the parties that at such time as and in the event that the Utility files a single issue rate case pursuant to this Paragraph 10, any increase in the average ~~monthly~~ <sup>ANNUALLY</sup> volume of sludge removed over and above 1,556,000 gallons shall be considered in determining the new allowance for sludge hauling expense, rate base and the resulting new rates.

11. All parties hereby agree that the Utility shall be entitled to charge new customers an allowance for funds prudently invested ("AFPI") in accordance with and as more particularly set forth on Exhibit "A" attached hereto.

12. All parties hereto, hereby agree that the rates established in Paragraph 4 above become effective for sewer service rendered on or after February 1, 1989 and thereafter. The Utility shall be entitled to bill customers at the new rates for service rendered from February 1, 1989 forward.

13. Upon the approval of the Commission, this Stipulation of Settlement shall be deemed to dispose of this case; no further hearings need be held, and this Docket shall be closed.

14. Should the Commission refuse to accept this Stipulation of Settlement in its entirety and without modifications, the stipulation shall be null and void and hereinafter of no further force and affect, and the hearings previously scheduled for December 21 and 22, 1988 shall be rescheduled and all parties shall thereafter be free to pursue the full range of their legal remedies which otherwise would be available to them.

15. The parties, by this stipulation of settlement, agree that all pending motions in this docket are hereby withdrawn and hereafter moot and that no decision or order need be issued by the Commission with respect to any said motions or issues



ORDER NO. 20779  
DOCKET NO. 871059-SU  
PAGE 8

contained therein and that no party shall be entitled to any rights of appeal in connection therewith.

IN WITNESS WHEREOF, the undersigned parties have hereunto set their hands and seals in manor and forms sufficient to bind them the day and year hereinafter set forth.

Kimberly LeMaster  
Victoria P. Decker

LONGWOOD UTILITIES, INC.

By: Burton A. Bines  
Burton A. Bines, President

Dated: January 25, 1989

"UTILITY"

Jack S. Shreve  
Jack M. Smith

OFFICE OF THE PUBLIC COUNSEL

By: Jack S. Shreve  
Jack S. Shreve, Esquire,  
Public Counsel

Dated: Jan 30, 1989

"CITIZENS"

Betty M. Chunn  
Paula M. Kohla

By: Gloria Young  
Gloria Young

Dated: January 19, 1989

"INTERVENOR"

STATE OF FLORIDA  
COUNTY OF Seminole

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of January, 1989 by BURTON A. BINES as President of LONGWOOD UTILITIES, INC., 1989

Kimberly LeMaster  
Notary Public  
My Commission Expires: .

Notary Public, State of Florida  
My Commission Expires Feb. 29, 1992  
Bonded Ten Thousand Dollars - Insurance Inc.

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

ORDER NO. 20779  
DOCKET NO. 871059-SU  
PAGE 9

The foregoing instrument was acknowledged before me this 30<sup>th</sup>  
day of July, 1988, by JACK SHREVE, ESQUIRE, Public Counsel  
of the Office of Public Counsel, State of Florida.

*[Signature]*

Notary Public  
My Commission Expires:

Notary Public, State of Florida  
My Commission Expires March 23, 1992  
Florida Notary Public Insurance Inc.

STATE OF FLORIDA  
COUNTY OF Alachua

The foregoing instrument was acknowledged before me this 19  
day of Jan., 1989, by GLORIA YOUNG as Intervenor, et

*[Signature]*

Notary Public  
My Commission Expires:

Notary Public State of Florida at Large  
My Commission Expires Nov. 13, 1989

ORDER NO. 20779  
DOCKET NO. 871059-SU  
PAGE 10

EXHIBIT "A"

LONGWOOD UTILITIES, INC.

ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

Schedule of Charges:

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
January	4.93	64.58	130.19	202.52	282.42
February	9.86	70.00	136.17	209.12	289.72
March	14.79	75.42	142.15	215.72	297.02
April	19.72	80.85	148.12	222.32	304.32
May	24.65	86.27	154.10	228.92	311.63
June	29.58	91.69	160.07	235.52	318.93
July	34.51	97.11	166.05	242.12	326.23
August	39.44	102.53	172.02	248.72	333.53
September	44.37	107.95	178.00	255.32	340.83
October	49.30	113.38	183.97	261.92	348.14
November	54.23	118.80	189.95	268.52	355.44
December	59.16	124.22	195.92	275.12	362.74

longwood