

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate ) DOCKET NO. 950387-SU  
increase for North Ft. Myers ) ORDER NO. PSC-95-0949-FOF-SU  
Division in Lee County by ) ISSUED: August 7, 1995  
Florida Cities Water Company - )  
Lee County Division. )  
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER SUSPENDING PROPOSED WASTEWATER RATES

BY THE COMMISSION:

Florida Cities Water Company (FCWC or utility) is a Class A utility that provides wastewater service for two communities in Ft. Myers, Florida: a northern sector and a southern sector. The North Ft. Myers wastewater system, the applicant in this proceeding, was serving about 2,559 customers at December 31, 1994. Because many multi-family units are master-metered, about 4,590 equivalent residential connections (ERCs) were actually being served. The utility serves an area that has been designated by the South Florida Water Management District as a critical use area.

On May 2, 1995, the utility filed an application for approval of increased rates pursuant to Section 367.081, Florida Statutes. The petition did not satisfy the minimum filing requirements (MFRs) and submission of additional data was necessary. The missing information was received on May 19, 1995, which date was declared as the official date of filing pursuant to Section 367.083, Florida Statutes. The utility's last rate case was finalized on July 1, 1992, by Order No. PSC-92-0594-FOF-SU, issued in Docket No. 910756-SU. In 1994, the utility's rates were increased due to an index proceeding. The utility has asked the Commission to process this application under the proposed agency action (PAA) procedures identified in Section 367.081(8), Florida Statutes.

The utility did not request authority to implement interim rates. Schedules in the filing indicate receipt of a 6.71% return on average investment in 1994. The utility's last allowed overall

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rate of return was 9.14%. The utility reported that rate indexing procedures helped it maintain a satisfactory return. However, the utility now contends that rate increases are needed to reflect added investments and expenses. According to the utility, it will spend about \$1,600,000 in 1995 to increase the capacity of its wastewater plant from 1 MGD (million gallons per day) to 1.25 MGD. This construction project is scheduled to be completed on or before October 1, 1995. The utility believes the magnitude of this investment justifies an end-of-period rate base determination.

The approved test year for this docket is the twelve-month period ending December 31, 1995. That calendar period is based upon actual costs for the historical base year ended December 31, 1994, with applicable adjustments to reflect updated expenses and investments. During the base year, the utility's wastewater revenues were \$2,085,157. The corresponding net operating income for the period was \$474,319. The utility's proposed rates are designed to generate \$2,591,990 in annual operating revenues, reflecting a \$480,078 (22.73%) overall increase. The requested net operating income amount of \$763,108 will yield a 9.08% return on the projected \$8,404,278 rate base balance.

Pursuant to Section 367.081(6), Florida Statutes, the utility may implement its proposed rates within sixty (60) days of filing unless the Commission first acts to withhold consent to those rates. Further, pursuant to Section 367.081(8), the utility is allowed to implement its requested rates, under bond, five (5) months after filing unless final action has been taken by the Commission.

We have reviewed the filing and have considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. The utility has proposed several adjustments to its rate base, cost of capital, and operating income statements. Our examination of these and other matters will include on-site investigations by staff accountants, engineers, and rate specialists. Upon consideration of the above, we find it is reasonable and necessary to require further amplification, explanation, and corroboration of the utility's rate application. We, therefore, find it appropriate to suspend the proposed wastewater rates.

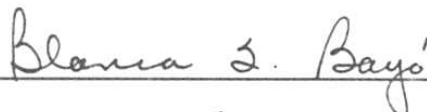
Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the rates and schedules proposed by Florida Cities Water Company, North Ft. Myers Division, are hereby suspended in accordance with Section 367.081(6), Florida Statutes.

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ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 7th  
day of August, 1995.



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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) 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 wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.