

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate ) DOCKET NO. 941108-WS  
increase in Collier County by ) ORDER NO. PSC-95-1126-FOF-WS  
FLORIDA CITIES WATER COMPANY - ) ISSUED: September 7, 1995  
Golden Gate 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 ACKNOWLEDGING FLORIDA CITIES WATER COMPANY-GOLDEN  
GATE DIVISION'S NOTICE TO IMPLEMENT RATES IN PAA  
ORDER NO. PSC-95-0720-FOF-WS ON AN INTERIM BASIS,  
SUBJECT TO REFUND, AND PROVIDING FOR SECURITY

BY THE COMMISSION:

BACKGROUND

Florida Cities Water Company, Golden Gate Division, (FCWC or utility) is a Class A utility that provides water and wastewater service in Collier County. As of September 30, 1994, the utility was serving 2,571 water customers and 1,873 wastewater customers. The Golden Gate system serves an area that has been designated by the South Florida Water Management District as a critical use area.

On December 29, 1994, FCWC filed an application for increased rates pursuant to Section 367.081, Florida Statutes. The petition was deemed complete; thus December 29, 1994 was recognized as the official filing date pursuant to Section 367.083, Florida Statutes. The utility requested that the Commission utilize the proposed agency action (PAA) procedures identified in Section 367.081(8), Florida Statutes, to establish final rates. Interim rates were not requested.

The utility requested final rates based on the projected cost of service for the test year ending September 30, 1995. The utility believed that extraordinary conditions justified approval of end-of-period rate base values. The projected test year is

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based on actual costs for the historical test year ended September 30, 1994, with applicable adjustments to reflect updated expenses and investments. During the historical test year, the utility billed its customers \$1,319,900 for water service and \$1,190,060 for wastewater service. The respective operating income amounts were \$271,645 and \$269,749.

The utility has requested rates that are designed to generate annual revenues of \$1,589,879 for water service (a \$253,468 or 18.97% increase) and \$1,490,156 for wastewater service (a \$279,525 or 23.03% increase) for the projected test year. The utility contends that additional revenues are needed to support substantial additions to plant in service, including construction of a 1.0 million gallon water storage tank and completion of a 200,000 gallons per day (gpd) expansion to its wastewater treatment plant. Overall, the expected construction costs for the test period are \$1,675,348 for the water division and \$2,315,632 for the wastewater division.

A customer meeting was held in Golden Gate on March 8, 1995 to obtain input from the customers concerning this rate filing and the quality of service rendered by the utility. Approximately 50 persons attended the customer meeting and 13 testified. The utility had also met with the customers before the March 8, 1995 Commission meeting and discussed the factors which led to the utility filing for a rate increase.

On June 15, 1995, by PAA Order No. PSC-95-0720-FOF-WS, we granted final rates and charges to FCWC. That Order reviewed the quality of service, rate base, cost of capital, net operating income, revenue requirement, rates and charges, and the books and records of the Golden Gate System and established final rates and charges. The Order stated that all provisions would become final and the docket closed unless an appropriate petition is filed, and upon staff's verification of proof of notice to the customers, and revised tariff sheets.

On July 5, 1995, Kaydee Tuff (Ms. Tuff), on behalf of Golden Gates Civic Association, timely filed a Petition on Proposed Agency Action, wherein she requested a Section 120.57, Florida Statutes, hearing. On July 24, 1995, FCWC filed a Notice of Intent to Implement Rates, along with revised tariff sheets, a proposed customer notice, and a corporate undertaking of Florida Cities Water Company.

Utility's Notice to Implement Rates

As discussed earlier, PAA Order No. PSC-95-0720-FOF-WS was protested by Ms. Tuff. On July 24, 1995, FCWC submitted its Notice of Intent to Implement Rates pursuant to Section 367.081(8), Florida Statutes, pending the resolution of the protest filed in this docket. The utility also submitted tariff sheets, a proposed customer notice, and a corporate undertaking to secure any potential refund.

Section 367.081(8), Florida Statutes, provides that at the expiration of five months following the official filing date, if the Commission has not taken action, or if the Commission's action is protested by a party other than the utility, the utility may place its requested rates into effect under bond, escrow, or corporate undertaking subject to refund, upon notice to the commission and upon filing the appropriate tariffs.

Although the utility has the right to implement its requested final rates, FCWC has elected to implement the proposed rates contained in Order No. PSC-95-0720-FOF-WS. These Commission-approved rates are lower than the rates requested by the utility.

Based upon our review of the tariff sheets, customer notice, and security provided by the utility, we find that the utility has met the requirements of Section 367.081(8), Florida Statutes. The tariff sheets shall be effective for service rendered on or after August 1, 1995, provided that the customers have received a copy of the notice informing them of a change in rates in accordance with Rule 25-30.475, Florida Administrative Code.

In consideration of the foregoing, we hereby acknowledge the utility's implementation of the proposed agency action rates set forth in Order No. PSC-95-0720-FOF-WS on an interim basis, subject to refund, pending the outcome of this rate proceeding.

Proper Security

Section 367.081(8), Florida Statutes, allows the utility to place its requested rates into effect under bond, escrow, or corporate undertaking subject to refund. In addition, Section 367.081(6), Florida Statutes, specifies that the utility shall keep accurate, detailed accounts of all amounts received because of such rates becoming effective under bond, escrow, or corporate undertaking subject to refund. Section 367.081(6), Florida Statutes, also specifies by whom and in whose behalf such amounts were paid.

ORDER NO. PSC-95-1126-FOF-WS  
DOCKET NO. 941108-WS  
PAGE 4

Order PSC-95-0720-FOF-WS, approved increased rates of \$221,266 and \$224,057 for FCWC water and wastewater divisions, respectively. We calculated the potential refund for FCWC's water and wastewater divisions to be \$121,696 and \$123,231 respectively.

On July 21, 1995, the utility filed a corporate undertaking in the amount of \$245,000. Upon consideration, we find that the corporate undertaking filed by the utility is sufficient. The corporate undertaking shall be adopted as the security for the additional revenues collected under the proposed agency action rates contained in Order No. PSC-95-0750-FOF-WS. Additionally, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Florida Cities Water Company - Golden Gate Division's Notice to Implement those rates set forth in Order No. PSC-95-0720-FOF-WS, on an interim basis, subject to refund, pending the outcome of this proceeding, is hereby acknowledged as set forth in the body of this order. It is further

ORDERED that the rates shall be effective for service rendered on or after August 1, 1995, provided that the customers have received a copy of the notice informing them of a change in rates in accordance with Rule 25-30.475, Florida Administrative Code. It is further

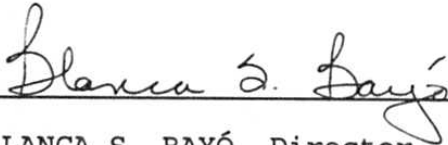
ORDERED that the corporate undertakings, filed by Florida Cities Water Company - Golden Gate Division, dated July 21, 1995, shall be adopted as the security for the additional revenues collected under the proposed agency action rates contained in Order No. PSC-95-0720-FOF-WS. It is further

ORDERED that, pursuant to Rule 25-30.360(6), Florida Administrative Code, Florida Cities Water Company - Golden Gate Division shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. It is further

ORDERED that this docket shall remain open pending the outcome of this proceeding.

ORDER NO. PSC-95-1126-FOF-WS  
DOCKET NO. 941108-WS  
PAGE 5

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



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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.