

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

DOCKET NO. 030006-WS
ORDER NO. PSC-03-0683-FOF-WS
ISSUED: June 6, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY

APPEARANCES:

MARSHA E. RULE, ESQUIRE, and KENNETH A. HOFFMAN, ESQUIRE, Rutledge, Ecenia, Purnell & Hoffman, P. A., P. O. Box 551, Tallahassee, Florida 32302
On behalf of Florida Water Services Corporation (Florida Water).

ADRIENNE E. VINING, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

FINAL ORDER DECLINING TO USE THE LEVERAGE FORMULA TO REESTABLISH THE AUTHORIZED RETURN ON EQUITY FOR ALL WATER AND WASTEWATER UTILITIES THAT CURRENTLY HAVE AN AUTHORIZED RETURN ON EQUITY

BY THE COMMISSION:

By Proposed Agency Action Order No. PSC-02-0898-PAA-WS, issued on July 5, 2002, the Commission proposed to establish the authorized range of returns on common equity for water and wastewater utilities for the year 2002, as required by Section

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FPSC-COMMISSION CLERK

367.081(4)(f), Florida Statutes. For the first time, in this rollover docket, the Commission proposed to apply the leverage formula to water and wastewater utilities that currently have an authorized return on equity (ROE). Both Florida Water Services Corporation (Florida Water or FWSC) and the Office of Public Counsel (OPC) filed timely protests of the PAA Order. Florida Water protested the application of the leverage formula to all water and wastewater utilities that currently have an authorized return on equity, while OPC protested the leverage formula methodology. On August 26, 2002, OPC withdrew its protest, and the leverage formula methodology for 2002 became final with the issuance of Consummating Order No. PSC-02-1252-CO-WS on September 11, 2002. In order to address the remaining protest of FWSC, an administrative hearing for this docket was scheduled for December 6, 2002, pursuant to Section 120.57(1), Florida Statutes.

As a result of discussions held prior to and at the November 18, 2002, Prehearing Conference, it was agreed that the testimony and exhibits filed to date would serve as the record evidence for the proceeding, cross-examination would be waived by both Florida Water and staff, and the hearing would be cancelled. We have jurisdiction to consider this matter pursuant to Sections 367.011, 367.081, and 367.121, Florida Statutes.

Upon review of the record and consideration of the arguments, we hereby decline to use the leverage formula to reestablish the authorized return on equity for all water and wastewater utilities that currently have an authorized return on equity.

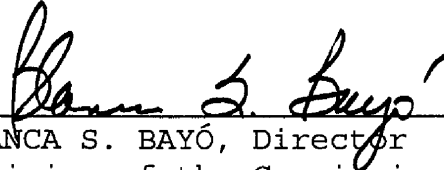
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the leverage formula shall not be used to reestablish the authorized return on equity for all water and wastewater utilities that currently have an authorized return on equity. It is further

ORDERED that this docket shall remain open to allow this Commission to monitor the movement in capital costs and to readdress the reasonableness of the leverage formula as conditions warrant.

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By ORDER of the Florida Public Service Commission this 6th Day
of June, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L) "

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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 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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule

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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 and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services 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.