

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in Lee County by Mobile Manor Water Company, Inc. | DOCKET NO. 090170-WU
ORDER NO. PSC-09-0421-PCO-WU
ISSUED: June 15, 2009

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

ORDER APPROVING INTERIM RATES

BY THE COMMISSION:

Background

Mobile Manor Water Company, Inc. (Mobile Manor or Utility) is a Class C utility serving 315 water customers in Lee County. According to Mobile Manor's 2008 Annual Report, the Utility had total gross revenue of \$50,531 and operating expenses of \$70,979 for water.

Mobile Manor was granted water Certificate No. 056-W on July 22, 1976. The Utility has never had a rate proceeding before this Commission. Mobile Manor changed its name from Mobile Manor, Inc. to Mobile Manor Water Company, Inc. on November 29, 2004.¹ In the instant docket, the Utility filed a request for a staff-assisted rate case (SARC) on April 6, 2009, and also requested interim rates.

This Order addresses the Utility's request for interim rates. We have the authority to consider this rate case and interim rates under Section 367.0814(4), Florida Statutes (F.S.).

Interim Water Rates

As stated above, the Utility has requested interim water rates. Section 367.0814(4), F.S., provides that:

[t]o establish interim relief, there must be a demonstration that the operation and maintenance expenses exceed the revenues of the regulated utility, and interim rates shall not exceed the level necessary to cover operation and maintenance expenses as defined by the Uniform System of Accounts for Class C Water and

¹ See Order No. PSC-04-1104-FOF-WU, issued in Docket No. 040602-WU, In re: Application for name change on Certificate No. 56-W in Lee County from Mobile Manor, Inc. to Mobile Manor Water Company, Inc.

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Wastewater Utilities (1996) of the National Association of Regulatory Utility Commissioners.

A review of the Utility's 2008 Annual Report and SARC filing shows that its operation and maintenance (O&M) expenses exceed its revenues.

Mobile Manor recorded \$70,979 for water O&M expenses in its 2008 annual report. An analysis of the O&M expenses reported on the 2008 annual report shows that they are reasonable when compared to expenses that we have allowed in past cases for like-sized utilities.² Therefore, the Utility shall be allowed an interim water revenue increase that will cover the cost of its O&M expenses of \$70,979, plus any applicable regulatory assessment fees (RAFs). We have previously determined that an increase in a utility's rates to cover its O&M expenses should include the funds to pay RAFs.³ The RAFs accrued during the interim period will amount to \$3,345.

Based on the above, Mobile Manor's interim water rates shall be established to produce revenues of \$74,324 (\$70,979 + \$3,345) in order to cover O&M expenses and RAFs. This is a 47.09 percent increase above the Utility's 2008 revenues of \$50,531. It is our practice to apply the interim percentage increase to existing rates. The approved interim rates are shown on Schedule No. 1.

If the Utility submits revised tariffs reflecting our decision on interim rates, our staff shall have administrative authority to approve the submitted tariffs. The approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided customers have received notice. The rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision; the proposed customer notice is adequate, and the required security has been filed. The Utility shall provide proof of the date notice was given within 10 days after the date the notice is provided to the customers.

Appropriate Security

In order to protect the customers in the event that the final rates are less than those authorized as a result of the interim increase, the Utility shall provide security by placing in escrow the difference in revenues between the interim rates and the previously authorized rates, or by providing a bond or letter of credit. We calculate the amount of potential refunds associated with the interim revenue increase to be \$15,912 pursuant to Section 367.0814(5), F.S., which specifies that:

² See Order No. PSC-07-0385-SC-WS, issued May 1, 2007, in Docket No. 060575-WS, In re: Application for staff-assisted rate case in Lee County by Useppa Island Utility, Inc. (Useppa Island Utility, Inc. had 145 wastewater customers, and we approved O&M expenses of \$108,102.); and Order No. PSC-04-1264-PAA-SU, issued December 21, 2004, in Docket No. 040300-SU, In re: Application for staff-assisted rate case in Volusia County by Tymber Creek Utilities. (Tymber Creek had 415 customers, and we approved O&M expense of \$148,384.)

³ See Order No. PSC-01-1654-FOF-WS, issued August 13, 2001, in Docket No. 010396-WS, In re: Application for staff-assisted rate case in Brevard County by Burkim Enterprises, Inc.

The Commission may require that the difference between the interim rates and the previously authorized rates be collected under a bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission.

If the security provided is an escrow account, said account shall be established between the Utility and an independent financial institution pursuant to a written escrow agreement. The Commission shall be a party to the written escrow agreement and a signatory to the escrow account. The written escrow agreement shall state the following: that the account is established at the direction of this Commission for the purpose set forth above; that no withdrawals of funds shall occur without the prior approval of the Commission through the Commission Clerk, Office of Commission Clerk; that the account shall be interest bearing; that information concerning the escrow account shall be available from the institution to the Commission or its representative at all times; and that pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

The Utility shall deposit 47.09 percent of the interim water rate revenue into the escrow account each month, pending the completion of the rate case proceeding. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.

If the security provided is a bond or a letter of credit, said instrument shall be in the amount of \$15,912. If the Utility chooses a bond as security, the bond shall state that it will be released or shall terminate upon subsequent order of the Commission addressing the requirement of a refund. If the Utility chooses to provide a letter of credit as security, the letter of credit shall state that it is irrevocable for the period it is in effect and that it will be in effect until a final Commission order is rendered addressing the requirement of a refund.

Regardless of the type of security provided, the Utility shall keep an accurate and detailed account of all monies it receives. Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund as of the end of the proceeding month. Should a refund be required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

Under no circumstances shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the Utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Mobile Manor Water Company, Inc., for an interim water rate increase is approved as set forth in the body of this Order. It is further

ORDERED that the approved interim rates shall be as shown on Schedule No. 1, which, by reference, is incorporated herein. It is further

ORDERED that if the Utility submits revised tariffs reflecting our decision on interim rates, our staff shall have administrative authority to approve the submitted tariffs. It is further

ORDERED that the approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided customers have received notice. It is further

ORDERED that the rates shall not be implemented until our staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. It is further

ORDERED that the Utility shall provide proof of the date notice was given within 10 days after the date the notice is provided to the customers. It is further

ORDERED that the Utility shall be required to file a bond, letter of credit, or escrow agreement as security to guarantee any potential refunds of revenues collected under interim conditions as set forth in the body of this Order. It is further

ORDERED that pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund as of the end of the proceeding month. It is further

ORDERED that this docket shall remain open pending the final resolution of the Utility's staff-assisted rate case.

By ORDER of the Florida Public Service Commission this 15th day of June, 2009.



ANN COLE
Commission Clerk

(S E A L)

RRJ

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 this order, which is non-final in nature, may request (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

MOBILE MANOR WATER COMPANY, INC.		SCHEDULE NO. 1	
TEST YEAR ENDING 12/31/08		DOCKET NO. 090170-WU	
MONTHLY WATER RATES			
	UTILITY'S EXISTING RATES	COMMISSION APPROVED INTERIM RATES	
<u>Residential and General Service</u>			
<u>Base Facility Charge by Meter Size:</u>			
5/8"X3/4"	\$6.94	\$10.21	
<u>Residential Service Gallonage Charge</u>			
Per 1,000 Gallons	\$6.24	\$9.18	
<u>General Service Gallonage Charge</u>			
Per 1,000 Gallons	\$6.24	\$9.18	
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$25.66	\$37.75	
5,000 Gallons	\$38.14	\$56.11	
10,000 Gallons	\$69.34	\$102.01	