

u

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

JULY 23, 1992

TO : DIRECTOR, DIVISION OF RECORD AND REPORTING
FROM : DIVISION OF WATER AND WASTEWATER (WILLIS, MERCHANT)
DIVISION OF LEGAL SERVICES (SUMMERLIN, BEDELL, FELL)
RE : UTILITY: SOUTHERN STATES UTILITIES, INC.
DELTONA UTILITIES, INC.

from MW
CB
HP

DOCKET NO.: 920199-WS

COUNTIES: BREVARD, CHARLOTTE/LEE, CITRUS, CLAY, COLLIER,
DUVAL, HERNANDO, HIGHLANDS, LAKE, MARION, MARTIN, NASSAU,
ORANGE, OSCEOLA, PASCO, PUTNAM, SEMINOLE, VOLUSIA,
WASHINGTON

CASE: APPLICATION FOR INCREASED WATER AND WASTEWATER
RATES

AGENDA: 08/04/1992 - CONTROVERSIAL AGENDA - PARTIES MAY NOT
PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 08/16/92
8-MONTH EFFECTIVE DATE: 02/17/93

SPECIAL INSTRUCTIONS: NONE

DOCUMENT NUMBER-DATE
08094 JUL 23 1992
FPSC-RECORDS/REPORTS

CASE BACKGROUND

Southern States Utilities, Inc. and Deltona Utilities, Inc. (collectively referred to as SSUI or Utility) is a Class A water and wastewater utility operating in various counties in the State of Florida. The utility has filed an application to increase the rates and charges for 127 of its water and wastewater systems regulated by the Public Service Commission. Based on its MFRs, the total annual revenue for the water systems filed in this application for 1991 was \$12,319,321 and the net operating income was \$1,616,165. The total annual revenue for the wastewater systems filed in this application for 1991 was \$6,669,468 and the net operating income was \$324,177. For the systems involved in this rate application, the utility serves a total of 75,055 water customers and 25,966 wastewater customers.

On May 11, 1992, SSUI filed its application for increased rates and charges. That filing did not satisfy the minimum filing requirements and was determined deficient. On June 17, 1992, the Utility submitted the required information, which was accepted as complete. The official date of filing was established as June 17, 1992. The test year for this docket is the historical period ended December 31, 1991 for both interim and final rate determinations.

In total, the Utility has requested interim rates designed to generate annual revenues of \$16,806,594 for water and \$10,270,606 for wastewater. This results in a total increase of \$3,981,192 (31.57%) for water and \$2,997,359 (41.22%) for wastewater. For final rates, the Utility has requested rates designed to generate annual revenues of \$17,998,776 for water and \$10,872,112 for wastewater. This results in a total increase of \$5,064,353 (40.16%) for water and \$3,601,165 (49.53%) for wastewater.

Southern States, Deltona and United Florida Utilities' last rate case for 34 of its water and wastewater systems was in Docket No. 900329-WS. That case was rejected by the Public Service Commission by Order No. 24715, issued on June 26, 1991. Order No. 24715 is currently on appeal with the First District Court of Appeal.

Staff's recommendation concerning interim rates will be filed on August 6, 1992 for the August 18, 1992, agenda conference. The utility has waived the 60-day statutory period for interim rates until August 18, 1992, to allow staff more time to complete the interim recommendation.

DOCKET NO. 920199-WS
JULY 23 1992

ISSUE 1: Should the utility's proposed water and wastewater rates and charges be suspended?

RECOMMENDATION: Yes. The utility's proposed rates and charges should be suspended pending further investigation by staff.
(MERCHANT)

STAFF ANALYSIS: Section 367.081 (6), Florida Statutes, provides that any rates proposed by the utility shall become effective within sixty (60) days after filing unless the Commission votes to withhold consent to the implementation of the rates requested. Further, that section requires that the Commission vote on final rates within eight (8) months of the official filing date.

Staff has reviewed the filing and found that the utility has made substantial plant additions since its last rate case before this Commission. In addition, the utility has proposed numerous adjustments to the rate base, capital structure and operating statements. We have considered the proposed rates, the amount of the additional revenues sought thereunder and the supporting data which has been submitted. We recommend that it is reasonable and necessary to require further amplification, explanation and cross-examination of the data filed by the utility, as well as additional and/or corroborative data.

In consideration of the above, staff recommends suspension of the proposed rate schedules.

I:\PSC\WAW\WP\SSU-SUSP.PWM