

9

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MAILING ADDRESS
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October 28, 1992

VIA HAND DELIVERY

JOHN R. WOODRASKA
 SPECIAL CONSULTANT
 (NOT A MEMBER OF THE FLORIDA BAR)

Mr. Steve Tribble, Director
 Division of Records and Reporting
 Florida Public Service Commission
 101 East Gaines Street
 Tallahassee, Florida 32301

921101-WU

Re: **Parkland Utilities, Inc.**
Application for Limited Proceeding Increase in Water Rates
Our File No. 14873.03

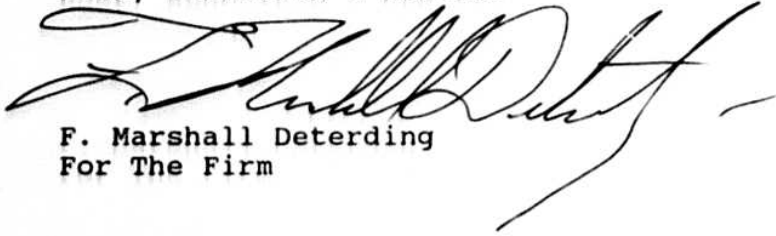
Dear Mr. Tribble:

On October 26, 1992, we filed on behalf of Parkland Utilities, Inc., and Application for a Limited Proceeding Rate Increase in its water system. We have since discovered that there was one typographical error contained on Exhibit B, under Roman Numeral I. We have corrected that typographical error and have attached hereto fifteen copies of the corrected Exhibit B, which should now replace that Exhibit as filed on October 26, 1992.

Should you or any members of the Staff have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY



F. Marshall Deterding
 For The Firm

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG EMD/kkj
- LIN Enclosures
- OPC cc: Mr. John Jarvis
- Mr. Ron Nunes
- RCH
- SEC
- WAS
- OTH

RECEIVED & FILED

29
 FPSC-BUREAU OF RECORDS

DOCUMENT RELEASED
 12661 OCT 28 1992
 FPSC-RECORDS/REPORTS

PARKLAND UTILITIES, INC.

**CALCULATION OF REVENUE SHORTFALL RESULTING FROM
CITY'S REFUSAL TO PAY PUBLIC FIRE PROTECTION CHARGES**

I.	Annual Revenue Shortfall- \$109.99 per hydrant/per year x 81 hydrants (Note 1)	\$ 8,909.19
II.	Amortization of Rate Case Expense - \$ 4,500 ÷ 4 yrs. ÷ .975 (Note 2)	<u>\$ 1,153.85</u>
	Total Increase Required	<u>\$ 10,063.04</u>

NOTES:

- (1) The revenue shortfall total is based upon application of the rates proposed in the recent Notice of Application of Index Provisions of Section 367.081(4)(a), Florida Statutes, to increase the existing charge for Public Fire Protection to \$109.99 per year.
- (2) It is estimated that approximately 25 hours of attorney's time will be necessary in order to prepare and process this Application through the Florida Public Service Commission. At \$135 per hour this equates to \$3,375 in attorney's fees. In addition, a filing fee of \$900 and estimated costs of \$225 will have to be expended by the Utility for a total of approximately \$4,500 in rate case expenses. Amortized over the statutory period of 4 years, this equates to a \$1,125 rate case expense amortization cost.

This annualized rate case amortization cost then must be grossed-up for regulatory assessment fees. Since the revenue shortfall already includes recognition of regulatory assessment fees, no gross-up of that figure is necessary. The revenue impact of the rate case expense is therefore \$1125 + .975 + \$1,153.85.

Exhibit B

LAW OFFICES
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October 26, 1992

Mr. Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

921101-WU

Re: Parkland Utilities, Inc.
Application for Limited Proceeding Increase in Water Rates
Our File No. 14873.03

Dear Mr. Tribble:

WS189

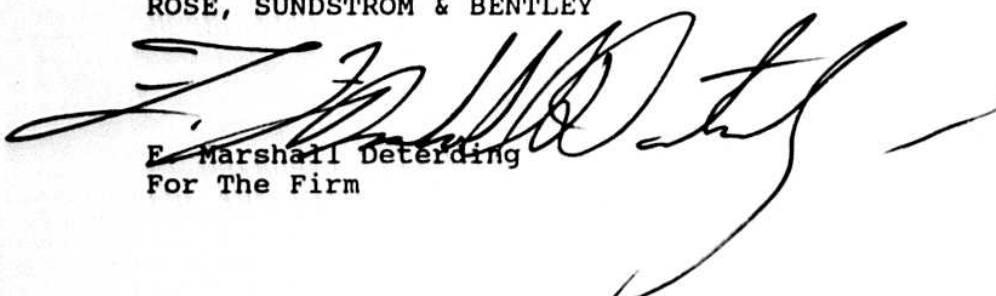
Enclosed please find the original and fifteen (15) copies of the Application for Limited Proceeding Increase in Water Rates filed on behalf of Parkland Utilities, Inc. All correspondence, pleadings, and orders related to this matter should be sent to the following address:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley
P.O. Box 1567
Tallahassee, FL 32302-1567

Should you have any questions regarding the enclosed, please do not hesitate to contact me.


Sincerely,

ROSE, SUNDBSTROM & BENTLEY


F. Marshall Deterding
For The Firm

FMD/kkj
Enclosures

RECEIVED & FILED


FPSC-BUREAU OF RECORDS

DOCUMENT
12589 10 26
FPSC-RECORDS/REPORT

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Parkland)
Utilities, Inc., for Limited)
Proceeding to increase water rates)

Docket No. 921101-WU

APPLICATION FOR LIMITED PROCEEDING INCREASE IN WATER RATES

Applicant, Parkland Utilities, Inc. (hereinafter "Applicant" or "Parkland"), pursuant to Section 367.0822, Florida Statutes, files this application for a limited proceeding increase in rates for water service provided to the public in Broward County, Florida, based upon a need to recover those revenues previously authorized for Public Fire Protection charges, which are no longer collectable effective October 1, 1992.

Applicant is a Class C water company defined by Rule 25-30.110(4), Florida Administrative Code (F.A.C.). The Applicant's average annual revenues from water operations for the most recent 3 year period is \$100,307.

I.

The following information is provided in accordance with the requirements of Rule 25-22.036(7), F.A.C.:

(a) The name and address of the Applicant is:

Parkland Utilities, Inc.
7501 S. Cypress Head Drive
Parkland, Florida 33067-1299

(b) Applicant's interest:

Applicant is a water utility as defined by Section 367.021(12), Florida Statutes, and is not exempt from regulation by the Commission pursuant to Section 367.022, Florida Statutes. Except as provided in Section 367.081(4), Florida Statutes, Applicant's rates and charges may not be changed without approval of the Commission.

As a result of water rates established by the Florida Public Service Commission for this Utility since its inception, Parkland Utilities, Inc., is authorized to collect Public Fire Protection charges from those local governmental units receiving such public fire protection. The rate for this service currently in effect is \$105.89 per year/per fire hydrant. The Utility currently has pending with the Florida Public Service Commission a Notice of the Utility's intent to increase these charges based upon application of the price index rate increase provisions of Section 367.081(4)(a), Florida Statutes. Under these rates, (\$109.99 per year/per hydrant) the Public Fire Protection charge generates gross annual operating revenues of \$8,909.19 for the Applicant's water system.

Such revenues have been considered in determining the appropriate overall revenue level, and in providing a fair rate of return to the Utility in each proceeding in which the Applicant's rates have been reviewed by the Florida Public Service Commission.

While the Commission has in many recent cases determined that the appropriate method for recovery of Public Fire Protection

services was through the rates charged to the general body of rate payers, in the case of Parkland the Commission has continued to provide for recovery of such costs through a separate charge as outlined above.

The City of Parkland is the sole customer of such public fire protection services provided by the Applicant, and as such, all revenue for such public fire protection services are derived from billings to the City of Parkland.

The City of Parkland recently considered the question of whether or not it was liable for payment of such Public Fire Protection charges, and whether the City would continue to pay the bills for such services rendered by Applicant. The Applicant participated in these discussions and informed the City that should they decide to discontinue payment of such charges, the Applicant would have no choice but to seek recovery of the resulting revenue shortfall from the general body of ratepayers through an increase in charges to those customers.

Despite the Applicant's pleas, the City ultimately decided to discontinue all such payments immediately, effective October 1, 1992.

Based upon these facts, the Applicant has no choice but to seek to recover these charges through an increase in rates to the general body of ratepayers. Because of the substantial cost in seeking such increase through a general rate increase, under the provisions of Section 367.081(2) and (3), Florida Statutes, the Applicant seeks the Commission's approval and authorization to

implement such increase through the Limited Proceeding provisions of Section 367.0822, Florida Statutes.

II.

Attached hereto as **Exhibit "A"** is a copy of a letter from an Officer of the City of Parkland informing the Applicant of the City's decision to immediately discontinue payment of all such Public Fire Protection charges imposed by the Applicant.

III.

Attached hereto as **Exhibit "B"** is a schedule which calculates the revenue shortfall resulting from the City's refusal to pay Public Fire Protection charges and the estimated expenses and filing fees expended by the Company in seeking this rate increase. These calculations result in an annualized revenue increase which must be passed onto the general body of ratepayers in order for Parkland to recover its expenses of providing water service and allow the Applicant an opportunity to earn a fair return on its investment in plant and facilities utilized in providing such service.

IV.

Attached hereto as **Exhibit "C"** is a schedule that calculates the percentage increase in water rates necessary in order to recover the revenue shortfall which results from the City's refusal to pay Public Fire Protection charges. This schedule incorporates a mechanism similar to that utilized by the Commission under the index and pass-through provisions of Section 367.081(4)(a) and (b), Florida Statutes, and Section 25-30.420 and 25-30.425, F.A.C.

V.

Attached hereto as Exhibit "D" is a calculation of the annualized water revenues for the calendar year 1991. This annualizes the increase recently granted to the Utility and water rates resulting from the now pending indexing of such rates filed with the Commission on October 2, 1992.

VI.

In order to implement the increased rates necessary to recover the revenue shortfall shown in Exhibit "C," the Applicant has included as Exhibit "E" to this Application a Schedule of Present and Proposed Rates, and tariff sheets necessary to implement this rate change as Exhibit "F." Also included as Exhibit "G" is a Customer Notice proposed by Parkland to be utilized to inform the customers of this rate change.

VII.

Because of the material revenue shortfall which results from the recent action of the City of Parkland in refusing to continue payment of Public Fire Protection charges imposed by the Applicant and the immediate and substantial effect such action will have on the Applicant's ability to recover its expenses and earn a fair return through now existing rates, the Applicant requests that the Commission process and approve this requested rate increase as quickly as is possible. Because of the simple nature of the change to recover this revenue shortfall from the general body of ratepayers, no audit should be required, and the Applicant stands ready, willing, and able to provide any additional information

which the Commission Staff may feel necessary in order to immediately process this Application.

VIII.

Several factors lend support to the limited proceeding as the appropriate method to recognize this change in circumstances, including the following:

(a) The Applicant has had relatively little change in water service operating costs since its most recent rate case (PSC Docket No. 900598-WS);

(b) There has been relatively little growth in the two year period which has elapsed since the test year utilized in that last rate proceeding;

(c) the revenue shortfall resulting from the City of Parkland's action in refusing to pay Public Fire Protection charges is an extremely material loss to the applicant; and

(d) Until recovery through a change in rates charged to the general body of ratepayers is granted. This shortfall will result in substantial erosion of the Utility's ability to recover its expenses and earn a fair rate of return on its investment.

(e) While extremely material to this small Utility, the revenue shortfall resulting is not sufficient to make the cost and time expenditure necessary for a full revenue requirement rate increase under the provisions of Section 367.081(2) and (3), Florida Statutes, and the applicable provisions of Rules 25-30.430 through 25-30.441, F.A.C., cost effective.

(f) Based upon the Utility's annualized revenues under existing rates, it is also possible that the Utility would not qualify for a Staff Assisted Rate Case for its water system under the provisions of Section 367.0814, Florida Statutes.

IX.

At this time, there are no disputed issues of material fact in this matter.

X.

Other information which the Applicant deems relevant is as follows:

(a) The filing fee submitted herewith is a check in the amount of \$900.00 as the appropriate filing fee for this Application in accordance with the provisions of Rule 25-30.020, F.A.C., as the Applicant currently serves between 1,000 and 4,999 persons.

(b) In addition to the Applicant as listed in Section I hereof, other people to receive copies of orders, notices and other communications concerning this Application are as follows:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

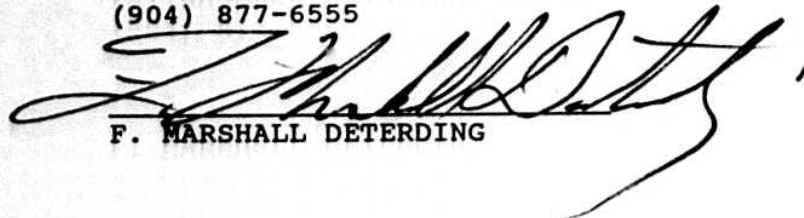
XI.

Applicant requests that the Commission consider the information contained herein and approve this Application for Limited Proceeding, and the rates shown in Exhibit "E" hereof in an

expeditious and emergency manner so that they may be implemented in
sixty (60) days.

Respectfully submitted this
26th day of October, 1992 by:

ROSE, SUNDSTROM & BENTLEY
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(904) 877-6555



F. MARSHALL DETERDING

EXHIBIT A
LETTER FROM CITY OF PARKLAND TO UTILITY

City of Parkland

6500 Parkside Drive
Parkland, Florida 33067
(305) 753-5040
Fax (305) 341-5181

September 28, 1992

Mr. John Jarvis
Parkland Utilities, Inc.
7501 S. CypressHead Drive
Parkland, Florida 33067

Dear Mr. Jarvis:

Please be advised that in the 1992/93 City of Parkland Budget approved by the City Commission at its September 23, 1992 meeting, funds for fire hydrant rental and water availability from Parkland Utilities has been deleted. Effective October 1, 1992, the City of Parkland will no longer pay this charge for the utility's services.

Please contact me should you require additional information on this matter.

Very truly yours,


Harry J. Mertz
City Manager

HJM/abk

cc: Mayor Sal Pagliara
Parkland City Commission
Mrs. Judith Kilgore, Finance Director

92 - 719

PARKLAND UTILITIES, INC.

**CALCULATION OF REVENUE SHORTFALL RESULTING FROM
CITY'S REFUSAL TO PAY PUBLIC FIRE PROTECTION CHARGES**

I.	Annual Revenue Shortfall- \$109.99 per hydrant/per year x 78 hydrants (Note 1)	\$ 8,909.19
II.	Amortization of Rate Case Expense - \$ 4,500 ÷ 4 yrs. ÷ .975 (Note 2)	<u>\$ 1,153.85</u>
	Total Increase Required	<u>\$ 10,063.04</u>

NOTES:

- (1) The revenue shortfall total is based upon application of the rates proposed in the recent Notice of Application of Index Provisions of Section 367.081(4)(a), Florida Statutes, to increase the existing charge for Public Fire Protection to \$109.99 per year.
- (2) It is estimated that approximately 25 hours of attorney's time will be necessary in order to prepare and process this Application through the Florida Public Service Commission. At \$135 per hour this equates to \$3,375 in attorney's fees. In addition, a filing fee of \$900 and estimated costs of \$225 will have to be expended by the Utility for a total of approximately \$4,500 in rate case expenses. Amortized over the statutory period of 4 years, this equates to a \$1,125 rate case expense amortization cost.

This annualized rate case amortization cost then must be grossed-up for regulatory assessment fees. Since the revenue shortfall already includes recognition of regulatory assessment fees, no gross-up of that figure is necessary. The revenue impact of the rate case expense is therefore $\$1125 \div .975 + \$1,153.85$.

PARKLAND UTILITIES, INC.

REVENUE ADJUSTMENT FOR PUBLIC FIRE PROTECTION REVENUE SHORTFALL

	<u>Amount</u>
Total Revenue Shortfall Per Exhibit B	\$ 10,063.04
Divide by Annualized Revenue Per Exhibit D	<u>\$ 129,344.00</u>
Percentage Increase	<u>7.78%</u>

Exhibit C

PARKLAND UTILITIES, INC.

**CALCULATION OF ANNUALIZED REVENUES - WATER
CONSUMPTION DATA FOR 1991**

	<u>Number of Bills/ Gallons Sold</u>	X	<u>Current Rates(B)</u>	<u>Annualized Revenues</u>
Residential Service:				
Bills: 5/8" x 3/4" Meters	5,434		\$ 6.54	\$ 35,538
1" Meters				
1 1/2" Meters				
2" Meters				
Gallons Sold	45,604,200 (A)		1.94	88,472
General Service:				
Bills: 5/8" x 3/4" Meters	41		6.54	268
1" Meters	12		16.35	196
2" Meters	35		52.32	1,831
Construction 2"	7		52.32	366
Gallons Sold	1,378,000 (A)		1.94	<u>2,673</u>
Total Annualized Revenues for 1991				<u>\$ 129,344</u>

(A) For purposes of calculating revenue (000's) are omitted.

(B) These are the rates included in the Utility's index filing, dated October 2, 1992.

PARKLAND UTILITIES, INC.
SCHEDULE OF PRESENT AND PROPOSED RATES

Water

Residential

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
5/8" x 3/4"	\$ 6.54	\$ 7.05
Full 3/4"	9.83	10.59
1"	16.35	17.62
1 1/2"	32.73	35.28
2"	52.32	56.39
 Gallonage Charge per 1,000 gallons	 \$ 1.94	 2.09

General Service

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
5/8" x 3/4"	\$ 6.54	\$ 7.05
Full 3/4"	9.83	10.59
1"	16.35	17.62
1 1/2"	32.73	35.28
2"	52.32	56.39
3"	104.72	112.87
4"	163.63	176.36
6"	327.25	352.71
8"	523.61	564.35
 Gallonage charge per 1,000 gallons	 1.94	 2.09

EXHIBIT F
REVISED TARIFF SHEETS

PARKLAND UTILITIES, INC.
WATER TARIFF

SEVENTH REVISED SHEET NO. 17.0
CANCELS SIXTH REVISED SHEET NO. 17.0

GENERAL SERVICE

RATE SCHEDULE GS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service to all customers for which no other schedule applies.

LIMITATIONS - Subject to all Rules and Regulations of this tariff and General Rules and Regulation of the Commission.

BILLING PERIOD - Monthly

RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>	<u>Gallage Charge</u> (Per 1,000 Gallons)
5/8" x 3/4"	\$ 7.05	\$ 2.09
Full 3/4"	10.59	2.09
1"	17.62	2.09
1 1/2"	35.28	2.09
2"	56.39	2.09
3"	112.87	2.09
4"	176.36	2.09
6"	352.71	2.09
8"	564.35	2.09

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE -

Ronald M. Nunes
ISSUING OFFICER

TYPE OF FILING - 1992 Limited Proceeding

Vice President
TITLE

PARKLAND UTILITIES, INC.
WATER TARIFF

SEVENTH REVISED SHEET NO. 18.0
CANCELS SIXTH REVISED SHEET NO. 18.0

RESIDENTIAL SERVICE

RATE SCHEDULE RS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all Rules and Regulations of this tariff and General Rules and Regulation of the Commission.

BILLING PERIOD - Monthly

RATE -

<u>Meter Size</u>	<u>Base Facility Charge</u>	<u>Gallonage Charge</u> (Per 1,000 Gallons)
5/8" x 3/4"	\$ 7.05	\$ 2.09
Full 3/4"	10.59	2.09
1"	17.62	2.09
1 1/2"	35.28	2.09
2"	56.39	2.09

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE -

Ronald M. Nunes
ISSUING OFFICER

TYPE OF FILING - 1992 Limited Proceeding

Vice President
TITLE

**EXHIBIT G
CUSTOMER NOTICE**

CUSTOMER NOTICE

Dear Customer:

As a result of a recent decision by the City of Parkland to discontinue all payments to Parkland Utilities, Inc., for Fire Protection Services, provided to the community through fire hydrants, the Utility has requested that the Florida Public Service Commission authorize it to increase rates to all customers to cover this revenue loss on an expedited basis. In recognition of the fact that this is revenue lost solely from actions of the City of Parkland and is outside of the control of the Utility, the Commission has authorized this increase for the purpose of allowing recovery of this revenue loss to be charged to the general body of ratepayers by Parkland Utilities, Inc.

Even though these increases are allowed, the increased revenue will not allow any increase profit (rate of return), on the total capital investment of the Utility.

The actual increase in customer rates for water service resulting from this change is 7.78%. A schedule of the newly approved rates is outlined on the back of this Notice. These new rates will go into effect on December 25, 1992, and will be applied to all meter readings taken 30 days on or after that date.

Sincerely,

Parkland Utilities, Inc.

**PARKLAND UTILITIES, INC.
SCHEDULE OF APPROVED RATES**

Water

Residential

<u>Meter Size</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 7.05
Full 3/4"	10.59
1"	17.62
1 1/2"	35.28
2"	56.39
Gallonge Charge per 1,000 gallons	2.09

General Service

<u>Meter Size</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 7.05
Full 3/4"	10.59
1"	17.62
1 1/2"	35.28
2"	56.39
3"	112.87
4"	176.36
6"	352.71
8"	564.35
Gallonge charge per 1,000 gallons	2.09