

930647-WS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition of)
Citrus County, Hernando County,))
Cypress and Oaks Villages)
Association, Spring Hill)
Civic Association and Ginny)
Brown-Waite, Florida State)
Senator and SSU ratepayer,)
for Full Commission hearing to)
set system-by-system, stand-)
alone rates for water and)
wastewater systems operated by)
SOUTHERN STATES UTILITIES, INC.))
in Brevard, Charlotte, Lee,)
Citrus, Clay, Duval, Highlands,))
Lake, Marion, Martin, Nassau,)
Orange, Osceola, Pasco, Putnam,)
Seminole, Volusia, and)
Washington Counties; Collier)
County by MARCO SHORES)
UTILITIES (Deltona); Hernando)
County by SPRING HILL UTILITIES)
(Deltona); and Volusia County)
by DELTONA LAKES UTILITIES)
(Deltona))

DOCKET NO.

FILED: July 2, 1993

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**JOINT PETITION FOR FULL COMMISSION HEARING FOR
THE PURPOSE OF SETTING SYSTEM-BY-SYSTEM,
STAND-ALONE WATER AND WASTEWATER RATES
FOR CERTAIN SYSTEMS OPERATED BY
SOUTHERN STATES UTILITIES, INC.**

The Board of County Commissioners of Citrus County ("Citrus County"), The Board of County Commissioners of Hernando County ("Hernando County"), The Cypress and Oaks Villages Association ("COVA"), The Spring Hill Civic Association and Ginny Brown-Waite, Florida State Senator and Southern States Utilities, Inc.

DOCKET ENTRY UPDATE

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FILED RECORDS UNIT ONLINE

ratepayer, by and through their undersigned counsel, and pursuant to Sections 367.081 and 367.121, Florida Statutes, Petition the full Florida Public Service Commission ("Commission") to conduct an evidentiary hearing for the purpose of fixing system-by-system, stand-alone water and wastewater rates for the 127 separate utility systems owned by Southern States Utilities, Inc. which were considered in Docket No. 920199-WS. In support of their request Petitioners state:

1. In Docket No. 920199-WS the Commission heard SSU's application for a rate increase involving some 127 separate water and wastewater systems located throughout some 21 Florida counties. SSU and the Office of the Public Counsel petitioned the full commission to hear the case, but, notwithstanding the overall general public interest in the case due to the total number of customers affected, total revenues requested, and the novelty of some of the requested relief, the full commission declined to hear the case. The case was then assigned to only three commissioners, one of whom was not available to participate in deciding it. Consequently, only two commissioners were left to decide this pivotal case, which is, arguably the most important water and wastewater case of the century due to its size, complexity and controversy. It is Petitioners' belief that a case of such statewide impact, involving unconventional and controversial regulatory concepts and having broad implications

for all future water and wastewater cases, should have, as requested by the utility and Public Counsel, been heard and decided by the full Commission. Accordingly, the Petitioners are requesting, pursuant to Section 350.01(6), Florida Statutes, that the full commission hear and decide the matters presented by this petition.

2. Order No. PSC-93-0861-FOF-WS, entered in Docket No. 920199-WS, resulted in, among other things, the imposition of so-called uniform statewide rates, requiring the customers of certain geographically distinct and separate water and wastewater systems to subsidize the operations and maintenance expenses of the utility systems serving other customers. These subsidized expenses were not common or general expenses allocated to all systems but, rather, were expenses distinctly and specifically related only to the systems being subsidized. Petitioners maintain these were not expenses incurred in the operation of the property used and useful in the public service of those being forced to pay the subsidies and that, therefore, it is unlawful for these expenses to be included in Petitioners' rates. Furthermore, the uniform statewide rates force the subsidizing customers to pay a return on investment on the non-interconnected utility plant of other customers' systems, which is not providing the subsidizing customers with regulated utility services. This subsidy, too, forces the subsidizing customers to pay "a fair

physically interconnect to another of the systems considered. Petitioners request that the Commission utilize the revenue requirements (as modified on reconsideration or review) established for each system in Docket No. 920199-WS as the basis for fixing system-by-system, stand-alone rates for each water and wastewater system.

3. Aggravating the controversial nature of the uniform statewide rates imposed in Docket No. 920199-WS is the fact that they were considered and adopted by the Commission without what the Petitioners consider legally sufficient notice to the customers who would be affected. While it has been argued that SSU's proposed minimum bill concept provided adequate notice that the uniform statewide rate theory could be considered, the minimum bill concept, itself, was not adequately noticed to customers to support its own adoption, let alone to provide "bootstrap" notice for the uniform rate concept. It is Petitioners' position that neither the customer notice provided by SSU or that given by the Commission prior to its customer service hearings can be construed as having put SSU's customers on notice that the Commission would consider, let alone adopt, uniform statewide rates. Irrespective of whether the Commission might ultimately succeed in convincing an appellate court that the notice given was minimally adequate with respect to the statewide rate issue, minimally adequate constitutional notice

should not be considered sufficient by the Commission when adopting a radical and controversial rate structure. This is especially so when the rate structure adopted results in a great many customers being forced to pay onerous subsidies to the advantage of others. Rather, the Commission should in all cases, but especially those which are controversial, ensure all parties, who may be substantially affected, are given complete and unambiguous notice of the issues to be considered. The great number of customer groups who are before the Commission in Docket No. 920199-WS requesting intervenor status or seeking reconsideration arguing lack of adequate notice on the statewide rate issue should be testimony enough that, for whatever reason, a significantly larger number of customers did not get the word that the Commission might adopt statewide rates for SSU. It is not acceptable that the Commission might squeak by and win the notice issue on a legal technicality. Rather, Petitioners submit that the Commission owes individuals who might be adversely affected by Commission proceedings clear and precise notice of how their substantial interests may be affected. Accordingly, if the Commission staff persists in promoting the concept of uniform statewide rates in this proceeding, clear and complete notice of their intention should be given to all SSU customers prior to the submission of testimony. Additionally, staff and other proponents of the concept, if any, should be required to submit written testimony specifically proposing the concept and


outlining its advantages. Lastly, the adoption of statewide rates should specifically be listed at issue in the case's prehearing order.

4. The Commission's tentative action adopting uniform statewide rates had substantial adverse economic effects on those not receiving notice. SSU customers comprising the Spring Hill Civic Association and served by the Spring Hill system will be forced to pay in excess of \$1,800,000 more annually under the uniform statewide plan than under stand-alone rates for the system serving them. Hernando County, which is a bulk wastewater customer of the Spring Hill plant as a result of collecting wastewater from several subdivisions, had been advised by SSU that it did not need to worry about the rate case as SSU was petitioning to have the previous rate per thousand gallons of \$2.31 reduced to \$1.93. Instead, under the uniform statewide plan, Hernando County's role in subsidizing utility customers in other counties and on unrelated systems resulted in it receiving a 77% increase to a rate of \$4.09 per thousand. Furthermore, whereas Hernando County previously did not pay a base facility charge, under the new rates it is being forced to pay an additional \$31,700 annually in relation to meters it both owns and maintains.

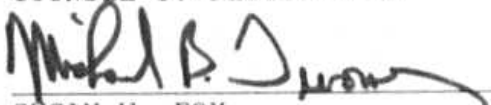
concept. Notwithstanding the assertions that the Commission has previously ordered uniform rates, the concept adopted by the Commission in Docket No. 920199-WS is clearly contrary to the regulatory status quo and it is only fair and logical that the proponents for uniform statewide rates be required to affirmatively enunciate their reasons supporting change.

In view of the above, Petitioners respectfully request that the Florida Public Service Commission hold an evidentiary hearing, to be heard by the full Commission, for the purpose of fixing system-by-system, stand-alone water and wastewater rates for the 127 separate utility systems owned by Southern States Utilities, Inc. which were considered in Docket No. 920199-WS. It is further requested that the Commission specifically and clearly notice any rate structures to be considered that are alternatives to the system-by-system, stand-alone methodology and that proponents of alternative rate structures be required to affirmatively and initially support their alternatives through written prefiled testimony.

Respectfully submitted,


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and accurate copy of the foregoing has been furnished by U.S. Mail this 2nd day of July, 1993 to the following persons:

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