

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation of rate structure and conservation initiative of Little Sumter Utility Company in Sumter County, pursuant to Order PSC-00-0582-TRF-SU.

DOCKET NO. 021238-WS
ORDER NO. PSC-03-0266-PCO-WS
ISSUED: February 24, 2003

The following Commissioners participated in the disposition of this matter:

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

ORDER CONTINUING ESCROW ACCOUNT AND HOLDING DOCKET OPEN

BY THE COMMISSION:

Little Sumter Utility Company (LSU or utility) is a water and wastewater utility located in Sumter County. The utility began providing service in 1997. According to the utility's 2001 annual report, at year end the utility had 6,212 water customers and 6,194 wastewater customers. In its 2001 annual report, the utility reported revenues of \$1,300,134 and \$1,440,146 for water and wastewater, respectively.

By Order No. PSC-96-1132-FOF-WS, issued September 10, 1996, in Docket 960305-WS, we ordered LSU to establish an escrow account to escrow certain revenue each month that can be used only to fund conservation programs approved by the Southwest Florida Water Management District. By Order No. PSC-00-0582-TRF-SU, issued March 22, 2000, in Docket No. 990684-SU, we ordered LSU to continue to escrow gallonage revenues collected from the second tier rate in excess of the gallonage revenue requirement, through the year 2002, unless a determination was made to discontinue the escrow requirement. This inclining block rate structure was implemented in an effort to reduce high water consumption. To adequately monitor the escrow funds and evaluate the conservation effects of

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this rate structure, we ordered LSU to file semiannual reports containing the following information for the months included in the quarter: the number of bills, gallons billed and revenue collected, separated by usage block.

Currently, our staff is working with the utility and water management district to evaluate the current conservation program and recommend whether the escrow funds are being applied in the most effective manner. To date, the utility has applied the funds to media advertising to promote water conservation. Additionally, Little Sumter has expended \$555,300 on wastewater effluent modifications to increase the amount of reclaimed water available for golf course irrigation.

On December 30, 2002, LSU requested release of escrow funds for a project to upgrade its wastewater treatment facilities. The project is designed to provide the maximum amount of irrigation quality effluent as a source of irrigation to golf courses. The balance of the escrow account as of December 31, 2002 is \$296,343.70. The total reuse project is expected to exceed \$1.5 million upon completion in October 2003. Order PSC-96-1132-FOF-WS established the escrow account to ensure that the goal of adequate conservation is being met. While we believe that this project is consistent with the original order to encourage conservation, and LSU is willing to continue the escrow procedure, we find it is time to review the current rate structure and escrow as we envisioned in our Order PSC-00-0582-TRF-SU.

Since the utility is willing to continue the escrow account, and has committed to a sizeable reuse project which will likely absorb the expected escrow for some time, we find the utility shall continue with the current escrow established, pending the outcome of the rate structure review. At the conclusion of the rate structure review, we will make a determination as to whether changes need to be made to the rate structure and if other conservation initiatives shall be pursued.

Since our staff is working with the utility and water management district to evaluate if the escrow funds are being applied in the most effective manner to achieve meaningful water conservation, this docket should remain open until the evaluation is completed.

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Based upon the foregoing, it is

ORDERED by the Florida Public Commission that Little Sumter Utilities Company shall continue to escrow gallonage revenues collected from the second tier rate in excess of the gallonage revenue requirement as required by Order No. PSC-96-1132-FOF-WS. It is further

ORDERED that this docket shall remain open while we complete an evaluation of the utility's rate structure.

By ORDER of the Florida Public Service Commission this 24th day of February, 2003.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

LDH

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.

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Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; 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 Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.