

ORIGINAL

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 28, 2006  
TO: Lisa Polak Edgar, Chairman  
FROM: Timothy J. Devlin, Director, Division of Economic Regulation  
Mary Anne Helton, Attorney Supervisor, Office of the General Counsel  
RE: Docket No. 060246-WS - Application of Gold Coast Utility Corp. for an increase in water and wastewater rates in Polk County - Test Year Approval

RECEIVED FPSC  
MAY 28 PM 4:22  
COMMISSIONER  
CLERK

By letter dated March 15, 2006, Gold Coast Utility Corp. (Gold Coast) requested approval to use a historical test year ended December 31, 2005, for a water and wastewater rate case filing. The company has indicated this requested test year is representative of a normal full year of operation. Further, the utility will file its application using the Proposed Agency Action provision in Section 367.081(8), Florida Statutes.

Gold Coast states that it has made additions to plant and equipment, but there has been no major changes in operational methods. By Order No. PSC-99-1742-PAA-WS, issued September 7, 1999, the Commission addressed the utility's rates in an overearnings investigation. That order was declared final in Order No. PSC-99-1944-CO-WS, issued October 1, 1999. Staff believes the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for calendar years 2000 through 2004. Based on our review, we believe the utility is not experiencing significant growth. Therefore, its requested historical test year should be approved.

Gold Coast indicated that it intends to submit the minimum filing requirements on or before September 29, 2006. However, since many utilities find it difficult to meet such a short timeframe, the utility is instructed to file the MFRs no later than November 30, 2006.

- MP \_\_\_\_\_ The test year letter filename is I:\PSC\ECR\WP\TESTYEAR-GOLD Coast.LTR.DOC
- OM \_\_\_\_\_
- TR \_\_\_\_\_ c: Dr. Mary Bane, Executive Director
- CR \_\_\_\_\_ Charles H. Hill, Deputy Executive Director
- CL \_\_\_\_\_ Betty Ashby
- PC \_\_\_\_\_ Division of Economic Regulation (Willis, Rendell, Biggins, Massoudi)
- CA \_\_\_\_\_ Office of the General Counsel (Helton)
- CR \_\_\_\_\_ Division of the Commission Clerk and Administrative Services
- GA \_\_\_\_\_
- EC \_\_\_\_\_
- TH \_\_\_\_\_

DOCUMENT NUMBER-DATE

02775 MAR 28 06

FPSC-COMMISSION CLERK

LISA POLAK EDGAR  
CHAIRMAN

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER  
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Tallahassee, FL 32399-0850  
(850) 413-6044

## Public Service Commission

March 28, 2006

Mr. Martin S. Friedman  
Rose, Sundstrom & Bentley, LLP  
Sanlando Center  
2180 W. State Road 434, Suite 2118  
Longwood, FL 32779

**Re: Docket No. 060246-WS - Application for an increase in water and wastewater rates by Gold Coast Utility Corp.**

Dear Mr. Friedman:

We have received your letter dated March 15, 2006, requesting approval for Gold Coast Utility Corp. (Gold Coast) to use a historical test year ended December 31, 2005, for final rates. You state the utility will file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes. The utility's test year request as outlined above is hereby approved.

For administrative purposes only, Docket No. 060246-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date the Division of the Commission Clerk and Administrative Services receives the complete petition, the MFRs, and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than November 30, 2006. Because of the difficulty in scheduling hearing dates, it is not anticipated that an extension of this filing will be granted.

Under the file and suspend law, the time period for processing the PAA request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. Please note that many schedules included in the MFRs are designed with a column titled "Balance Per Books." This column must reflect the balances on the general ledger and be reconciled with the balances reported in the utility's Annual Report on file with the Commission. This requirement is applicable to all primary account balances as required by the NARUC Uniform System of Accounts. Pursuant to Rule 25-30.110(2), Florida Administrative Code, all data the Commission requests and requires to be submitted in determining a utility's rates shall be consistent with and reconcilable with the utility's annual report to the Commission.

In addition, the utility should satisfactorily document that it has recorded all adjustments to the utility's general ledger and accounts that have been ordered by the Commission in any prior proceeding relating to this system. If adjustments were ordered for prior periods that have any impact on subsequent years, the related adjustments shall also be made to reflect the impact for the

Mr. Martin Friedman

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appropriate period up to and including the approved test year. Further, the utility should be prepared to justify its requested test year operation and maintenance expenses, particularly those which have increased above the level of customer growth and inflation for the year ended five years prior to the test year.

The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, information not filed with the original application may not be considered.

Sincerely,

Lisa Polak Edgar  
Chairman

LPE:wtr

cc: Dr. Mary Bane, Executive Director  
Charles H. Hill, Deputy Executive Director  
Betty Ashby  
Division of Economic Regulation (Willis, Rendell, Biggins, Massoudi)  
Office of the General Counsel (Helton)  
Division of the Commission Clerk and Administrative Services  
Harold McLean, Office of Public Counsel