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Public Service Commission

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

DATE: April 18, 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. 060260-WS - Application of Lake Placid Utilities, Inc. for an increase in water and wastewater rates in Highlands County - Test Year Approval

By letter dated March 20, 2006, Lake Placid Utilities, Inc. (Lake Placid) requested approval to use a historical test year ended December 31, 2005, for a water and wastewater rate case filing.

Lake Placid states that it has made major changes to plant and equipment, but there has been no major changes in operational methods. Further, Lake Placid states it will include pro forma plant additions, as well as, pro forma increases in salaries, salary related benefits, purchased power and other costs included in its application for an increase in water and wastewater rates.

By Order No. PSC-96-0910-FOF-WS, issued July 15, 1996, the Commission addressed the utility's rates in the utility's last rate case. 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 2003 through 2005, as well as the utility's proposed plant additions. Based on our review, we believe the utility is not experiencing significant growth and is proposing to replace and/or improve its water and wastewater systems providing service to existing customers. Therefore, its requested historical test year, with pro forma adjustments for plant and O&M, should be approved. Lake Placid indicated that it intends to submit the minimum filing requirements on or before June 30, 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 August 31, 2006.

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Charles H. Hill, Deputy Executive Director
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Division of the Commission Clerk and Administrative Services

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