

State of Florida



# Public Service Commission

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

**DATE:** February 1, 2007

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

**FROM:** Division of Economic Regulation (Fletcher, Rendell) *BF C*  
Office of the General Counsel (Jaeger) *[Signature]*

**RE:** Docket No. 060540-WU – Application for increase in water rates in Pasco County by Colonial Manor Utility Company.

**AGENDA:** 02/13/07 – Regular Agenda – Decision on Suspension of Rates – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Carter

**CRITICAL DATES:** 02/20/07 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\060540.RCM.DOC

### Case Background

Colonial Manor Utility Company (Colonial or utility) is a class C water utility providing service to approximately 713 customers in Pasco County. In its 2005 Annual Report, the utility reported operating revenues of \$165,830 and a net operating loss of \$18,446.

On December 22, 2006, Colonial filed the Application for Rate Increase at issue in the instant docket. After review of the Minimum Filing Requirements (MFRs), staff determined that the MFRs contained a number of deficiencies that will require revisions by the utility. These revisions will not be received by staff until after the statutory 60-day limit to suspend the requested rate increase; therefore, the official filing date has not been established. The utility requested that the application be processed using the Proposed Agency Action (PAA) procedure

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and did not request interim rates. The test year established for final rates is the projected twelve-month period ended December 31, 2007.

The utility requested final rates designed to generate annual water revenues of \$330,931. This represents a revenue increase of \$160,126 (93.75%).

This recommendation addresses the suspension of Colonial's requested final rate increase. The Commission has jurisdiction pursuant to Section 367.081, Florida Statutes (F.S.).

**Discussion of Issues**

**Issue 1:** Should the Commission suspend Colonial's proposed water rate increase?

**Recommendation:** Yes. The Commission should suspend the proposed rate increase. (Fletcher)

**Staff Analysis:** Section 367.081(6), Florida Statutes, provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the utility.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends that it is necessary to require that the MFRs be completed, and that there be further investigation of this information, including on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends that it is appropriate to suspend the utility's proposed rate increase.

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**Issue 2:** Should this docket be closed?

**Recommendation:** No. The docket should remain open pending the Commission's final action on the utility's requested rate increase. (Jaeger, Fletcher)

**Staff Analysis:** The docket should remain open pending the Commission's final action on the utility's requested rate increase.