

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of WEST ORANGE)	DOCKET NO. 890786-SU
UTILITY (M&M UTILITIES) for staff-)	ORDER NO. 21904
assisted rate case in Orange County.)	ISSUED: 9-18-89
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, CHAIRMAN
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER GRANTING EMERGENCY INTERIM RATES

BY THE COMMISSION:

CASE BACKGROUND

M & M Utilities is a small sewer utility located within the City of Ocoee in Orange County, Florida. M & M Utilities serves approximately 225 residences and 21 general service establishments. On November 20, 1980, an original sewer certificate was issued to Mr. Clifford Freeman in the name of West Orange Utility. On June 13, 1984, Mr. Freeman sold the utility to Mr. Michael Minton without obtaining Commission authorization. Mr. Minton owned and operated the system as M & M Utilities. On October 10, 1988, Mr. Minton filed a notice of abandonment pursuant to Section 367.165, Florida Statutes. The abandonment proceeding is being processed under a separate docket, Docket No. 881429-SU.

On March 1, 1989, the Ninth Judicial Circuit Court ordered the appointment of Southern States as temporary receiver of M & M Utilities. On June 12, 1989, Southern States Utilities, Inc. (Southern States), on behalf of M & M Utilities, filed an application for a staff-assisted rate case. The application was approved and the staff-assisted rate case is being processed under this docket. In a letter dated July 7, 1989, Southern States notified us that, in its application for a staff-assisted rate case, it inadvertently failed to request emergency interim rates to recover its losses in operating M & M Utilities. Southern States thereby requested emergency interim rates, pending establishment of final rates in the staff-assisted rate case. On August 29, 1989, the Ninth Judicial Circuit Court ordered the appointment of Southern States, formerly temporary receiver of M & M Utilities, as receiver.

DOCUMENT NUMBER-DATE

09310 SEP 18 1989

FPSC-RECORDS/REPORTING

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EMERGENCY INTERIM RATES

Rates

Southern States requested emergency interim rates to provide revenues sufficient to cover operating and maintenance expenses and regulatory assessment fees. Southern States compiled five months of operating and maintenance expenses for M & M Utilities, from February 1, 1989, through June 30, 1989. We found it necessary to make certain adjustments, mainly to normalize expenses. The five months of operating and maintenance expenses were then annualized and netted with annualized revenues. The additional revenue required to cover operating and maintenance expenses was then grossed-up for regulatory assessment fees. The percentage increase in revenues from the annualized revenues to the revenues required to cover operating and maintenance expenses was calculated to be 77.57%. The above-mentioned calculations are set forth in Schedules Nos. 1 and 2, attached to this Order and by reference incorporated herein. The 77.57% percentage increase was then applied to M & M Utilities' current rate schedules to develop emergency interim rates.

Since the utility came under our jurisdiction, it has been billing on a quarterly basis. By letter dated August 16, 1989, Southern States requested monthly rates in order to reduce the "rate shock" customers would sustain from a 77.57% rate increase, to ensure transient customers will receive their bills, and to reduce labor costs by tracking monthly meter readings by the City of Ocoee.

In order to allow M & M Utilities, through its receiver, to recover operating and maintenance expenses and regulatory assessment fees, we find it appropriate to approve the monthly emergency interim rates set forth in Schedule No. 3., attached to this Order and by reference incorporated herein, pending the establishment of final rates in this proceeding.

Effective Date

The emergency interim rates shall be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff sheets.

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Emergency Interim Rate Protection

In order to secure a refund, should one be necessary upon the conclusion of this proceeding, we find it appropriate to require Southern States to provide a corporate undertaking of \$28,000. This represents the estimated increase in revenues from the emergency interim rates. Pursuant to Rule 25-30.360(6), Florida Administrative Code, Southern States is required to file a report by the 20th day of each month indicating the amount of revenue collected under the emergency interim rates.

Customer Deposits

Southern States further requested a \$50 deposit from new customers. Pursuant to Rule 25-30.311, Florida Administrative Code, we find it appropriate to approve a \$50 deposit from new customers, with eight percent interest on residential deposits, and refund of residential deposits after twenty-three months of satisfactory payment.

It is, therefore,

ORDERED by the Florida Public Service Commission that the request by Southern States, as receiver for M & M Utilities, for an emergency interim rate increase is hereby granted to the extent set forth in the body of this Order and Schedules Nos. 1 through 3, which are attached to this Order and by reference incorporated herein. It is further

ORDERED that the emergency interim rates shall be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff sheets. It is further

ORDERED that Southern States shall provide a corporate undertaking of \$28,000 as emergency interim rate protection, and shall file a report by the 20th day of each month indicating the amount of revenue collected under the emergency interim rates. It is further

ORDERED that Southern States, as receiver for M & M Utilities, is hereby authorized to collect a \$50 deposit from new customers, with eight percent interest on residential

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deposits. Residential deposits shall be refunded after twenty-three months of satisfactory payment.

By ORDER of the Florida Public Service Commission,
this 18th day of SEPTEMBER, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DCS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

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 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, 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.

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SCHEDULE NO. 1

ACCOUNT NUMBER	ACCOUNT TITLE	PER UTILITY	Commission ADJUSTMENTS	Per Commission	ANNUALIZED (COLUMN 3 x 12/5)
		FEB. 1, 1989 THROUGH JUNE 30, 1989		FEB. 1, 1989 THROUGH JUNE 30, 1989	
		COL. 1	COL. 2	COL. 3	COL. 4
522.1	Revenue - Residential	(\$15,995)	1 \$2,666	(\$13,329)	(\$31,990)
522.2	Revenue - Commercial	(\$3,488)	2 \$581	(\$2,907)	(\$6,976)
	TOTAL REVENUE	(\$19,483)	\$3,247	(\$16,236)	(\$38,966)
601	Salaries & Wages - Employees	\$59	3 (\$59)	\$0	\$0
701	Salaries & Wages - Employees	\$7,670		\$7,670	\$18,408
705	Salaries & Wages - Officers	\$53		\$53	\$127
704	Pensions & Benefits	\$347		\$347	\$833
711	Sludge Removal Expense	\$1,950		\$1,950	\$4,680
715	Purchased Power	\$2,002		\$2,002	\$4,805
718	Chemicals	\$1,272		\$1,272	\$3,053
720	Materials and Supplies	\$1,457		\$1,457	\$3,497
730	Contractual Services	\$9,533		\$9,533	\$22,879
740	Rents	\$1,774		\$1,774	\$4,258
750	Transportation Expenses	\$850		\$850	\$2,040
755	Insurance	\$420		\$420	\$1,008
756	Advertising	\$10	4 (\$10)	\$0	\$0
765	Regulatory Commission Expense	\$7		\$7	\$17
770	Bad Debt Expense	\$68	5 (\$68)	\$0	\$0
775	Miscellaneous Expense	\$774		\$774	\$1,858
		\$26,246	(\$137)	\$26,109	\$67,462
	OPERATING (INCOME) LOSS	\$8,763	\$3,110	\$11,673	\$28,496

EMERGENCY INCREASE GROSSED UP FOR REGULATORY ASSESSMENT FEES

(\$67,462/.975) - \$38,966 = \$30,226

PERCENTAGE INCREASE
\$30,226/\$38,966 = 77.57%

FACTOR TO APPLY TO RATE
SCHEDULES = 1.7757

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SCHEDULE NO. 2

Adjustments to Schedule No. 1

1. REMOVE ONE MONTH OF RESIDENTIAL REVENUE (GENERAL LEDGER INCLUDES BILLING FOR JANUARY, 1989)	\$2,666
2. REMOVE ONE MONTH OF GENERAL SERVICE REVENUE	1581
TOTAL REVENUE ADJUSTMENTS	<u>\$3,247</u>
3. REMOVE WATER OPERATING EXPENSES UNRELATED TO WEST ORANGE SYSTEM	(\$59)
4. REMOVE ADVERTISING EXPENSE WHICH SHOULD BE RECORDED BELOW THE LINE	(\$30)
5. REMOVE ALLOCATED AMOUNT OF BAD DEBT EXPENSE	(\$68)
TOTAL OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS	<u>(\$137)</u>
TOTAL Commission Adjustments	<u>\$3,110</u>

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SCHEDULE NO. 3

SEWER RATES

Residential service

<u>Base Facility Charge</u>	<u>Existing Quarterly Rates</u>	<u>Approved Monthly Emergency Interim Rates</u>
All Meter Sizes	\$ 16.90	\$ 10.00
Gallonage Charge per 1,000 gallons, capped at 30,000 gallons per quarterly billing	\$ 1.14	\$ 2.02

General Service

<u>Base Facility Charge</u>	<u>Existing Quarterly Rates</u>	<u>Approved Monthly Emergency Interim Rates</u>
<u>Meter Size</u>		
5/8" x 3/4"	\$ 16.90	\$ 10.00
1"	42.23	25.00
1 1/2"	84.45	49.99
Gallonage Charge per 1,000 gallons (no maximum)	\$ 1.14	\$ 2.02