

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Sanlando Utilities Corporation for a Limited Proceeding to Increase Water and Sewer Rates to Recover Increased Regulatory Assessment Fees.)	DOCKET NO. 900510-WS
)	ORDER NO. 23390
)	ISSUED: 8-22-90
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)	

The following Commissioners participated in the disposition of this matter:

- THOMAS M. BEARD
- BETTY EASLEY
- GERALD L. GUNTER
- FRANK S. MESSERSMITH

PROPOSED AGENCY ACTION
ORDER GRANTING PETITION FOR
LIMITED PROCEEDING RATE INCREASE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceedings pursuant to Rule 25-22.029, Florida Administrative Code.

Sanlando Utilities Corporation (Sanlando or utility) is a Class A utility that operates a water and wastewater system in Seminole County. The utility has approximately 9,979 water customers and 8,348 wastewater customers.

On May 24, 1990, Sanlando filed its petition for a limited proceeding rate increase, stating that it will incur substantial additional costs related to the increase in regulatory assessment fees that becomes effective on July 1, 1990. Sanlando further requested that the increase be implemented along with the interim rates sought in Docket No. 900338-WS, Sanlando's general rate increase petition.

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On June 19, 1990, Sanlando filed a proposed stipulation which provided that any refund due the customers with respect to the increased rates related to the increased regulatory assessment fees permitted in this proceeding, should be addressed in the final determination of the rate case proceeding. Including any potential refund of rates increased as a result of this limited proceeding in the final determination of the rate case affords this Commission the opportunity to analyze the earnings of the utility and adjust rates at the conclusion of the rate case, rather than waiting for the financial review of the utility's 1990 annual report. Thus, we will accept Sanlando's proposed stipulation as it is reasonable and fair to the ratepayers.

Pursuant to Section 367.113, Florida Statutes, the regulatory assessment fee increased from 2.5 percent to 4.5 percent of a utility's gross revenues generated after July 1, 1990. Section 367.0822, Florida Statutes, gives us authority to consider any matter in a limited proceeding, including an adjustment of rates. As previously stated, Sanlando's request for an increase in rates is based upon its need to generate sufficient revenue to pay the increased regulatory assessment fee.

A review of Sanlando's 1989 annual report was made to determine the current level of earnings. Based on the reported earnings, Sanlando achieved a 33.21 percent return on equity for water and a negative 23.42 percent return on equity for wastewater. On a total company basis, Sanlando achieved a negative 6.32 percent return on equity. In its last rate case, Docket No. 860683-WS, Sanlando was authorized a return on equity of 14 percent, with a range of reasonableness of plus or minus 1 percent.

If Sanlando's rates are not adjusted to recognize the statutory increase in the regulatory assessment fee rate, the utility will incur a further deficiency in its return. Sanlando proposes an increase of 2.09 percent for both water and wastewater, to be applied across the board to its existing water rates and to the interim wastewater rates requested in its rate case.

Upon consideration, we find the 2.09 percent increase in rates justified since Sanlando needs the additional revenue to pay the increased regulatory assessment fee assessed on gross revenues it receives after July 1, 1990. Schedule No. 1 contains the approved water and wastewater rates. The

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increased water rate reflects the application of the 2.09 percent increase factor to the existing water rates in Sanlando's tariff. The increased wastewater rates reflect application of the 2.09 percent increase factor to the newly approved interim increase in wastewater rates from the rate case docket.

The utility has requested that the rates approved herein be implemented along with the interim wastewater rates sought in the rate case docket. Because of the different procedures used in the rate case and this proceeding, the same effective date of the increases may not be possible. This limited proceeding increase order is issued as a proposed agency action. Substantially affected persons have 21 days from the issuance date of the order in which to file a protest. If no protest is filed, the proposed order becomes a final order. The new rates will not become effective until the order becomes final and the revised tariff sheets are approved by Staff.

The calculation of the limited proceeding rates was contingent upon the interim rates approved in the rate case docket and therefore could not be calculated prior to the interim without Sanlando losing this increase in the interim rate calculation. Furthermore, the rate case order granting the interim rates is not a proposed order, but a final order. Thus, the rates approved therein can become effective earlier than the limited proceeding rates approved herein because there is no protest period for interim rate orders. The implementation dates could only be the same if Sanlando voluntarily withholds implementation of the interim rates until this limited proceeding order becomes effective.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition of Sanlando Utilities Corporation for a limited proceeding to increase rates to compensate for increased regulatory assessment fees is hereby granted. The rates approved are those shown in Schedule No. 1 to this Order, which by reference is incorporated herein. It is further

ORDERED that Sanlando Utilities Corporation's proposed stipulation regarding the treatment of any refund required of these new rates is hereby approved. It is further

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ORDERED that Sanlando Utilities Corporation shall file revised tariff sheets reflecting the rates authorized herein. It is further

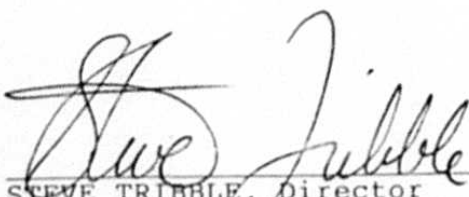
ORDERED that these rates shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that the tariff sheets will be approved upon expiration of the protest period. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final, unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that, in the event no protest is timely filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission
this 22nd day of August, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on September 12, 1990.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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Schedule No. 1
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WATER RATES

Residential, General Service, Multiple Dwelling Service, and Bulk Sales

<u>Meter Size</u>	<u>Current Rates</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 3.93	\$ 4.01
3/4"	5.90	6.02
1"	9.84	10.05
1-1/2"	19.67	20.08
2"	31.48	32.14
3"	62.95	64.27
4"	98.37	100.43
6"	196.73	200.84
Gallage Charge: Per 1,000 gallons	.346	.353

Private Fire Protection Service - Annual Charge

<u>Meter Size</u>	<u>Current Rates</u>	<u>Approved Rates</u>
1-1/2"	\$ 78.61	\$ 80.25
2"	125.79	128.42
3"	251.56	256.82
4"	393.07	401.29
6"	786.14	802.57
8"	1,257.86	1,284.15

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WASTEWATER RATES
Residential Service

<u>Meter Size</u>	<u>Interim Rates</u>	<u>Approved Rates</u>
All Sizes	\$ 8.35	\$ 8.52
Gallage Charge: Per 1,000 gallons (Max. 10,000 G)	1.03	1.05

General Service, Multiple Dwelling Service

<u>Meter Size</u>	<u>Interim Rates</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 8.35	\$ 8.52
3/4"	12.37	12.63
1"	20.40	20.83
1 1/2"	40.48	41.33
2"	64.57	65.92
3"	128.81	131.50
4"	201.08	205.28
6"	401.85	410.25
8"	642.76	656.19

Gallage Charge: Per 1,000 gallons	\$ 1.25	\$ 1.28
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Bulk Sales

<u>Meter Size</u>	<u>Interim Rates</u>	<u>Approved Rates</u>
6"	\$ 401.85	\$ 410.25
8"	642.76	656.19

Gallage Charge: Per 1,000 gallons	\$ 1.29	\$ 1.32
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Flat Service Rates

<u>Type</u>	<u>Interim Rates</u>	<u>Approved Rates</u>
Residential	\$ 13.20	\$ 13.48
Mult Dwell Unit	13.20	13.48