

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff) DOCKET NO. 900598-WS
assisted rate case in Broward County) ORDER NO. 23543
by PARKLAND UTILITIES, INC.) ISSUED: 10-01-90
)

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 FRANK S. MESSERSMITH

ORDER GRANTING EMERGENCY RATE INCREASE

BY THE COMMISSION:

CASE BACKGROUND

On June 28, 1990, Parkland Utilities, Inc. (Parkland or utility) filed an application for a staff-assisted rate case. The application was accepted and the official filing date is August 27, 1990. This is Parkland's first rate case before the Commission.

Parkland is a Class C water and wastewater utility operating in Broward County. The 1989 Annual Report indicates that the utility serves 450 water customers and 445 wastewater customers, with gross revenues of \$101,945 for the water system and \$108,627 for the wastewater system. According to the Annual Report, net operating income for water and wastewater was (\$60,997) and (\$84,495), respectively. The utility is entirely owned by NARCO Realty, Inc.

Since February, 1989, the utility has been interconnected with Broward County's regional wastewater treatment system and has purchased all of its wastewater treatment.

EMERGENCY RATES

Parkland has requested emergency rate relief because its current wastewater rates do not have an allowance for purchased wastewater treatment. Under existing rates Parkland has no means of recovering the substantial costs charged to Parkland by Broward County for the County's wastewater treatment.

The utility considers the interconnection with Broward County to be the lowest cost method of expanding its capacity and meeting

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its treatment requirements. The utility has apparently acted prudently by interconnecting with Broward County. A final determination of whether the interconnection was prudent will be determined later in this case.

A pass-through application would not be appropriate in this case. Since the utility has never had a rate case and it had been treating its wastewater, the cost of purchasing wastewater treatment is new; it has never been factored into the utility's rates. Pass-throughs allow only increases in the cost of purchased wastewater treatment.

Emergency or interim rate relief in staff-assisted rate cases is unusual because we seldom have the financial information available with which to calculate such rates and because small water and wastewater utilities have difficulty obtaining financial security to guarantee a refund. In this instance, the utility prepared minimum filing requirements (MFRs) for a rate case to recover the additional costs of purchased wastewater treatment. Thereafter, the utility discovered it qualified for staff assistance. Information from the MFRs could be used to calculate emergency rates. Further, we believe this utility has the financial wherewithal to guarantee and administer a refund if a refund is required.

As of October 1, 1990, the monthly rates the utility pays to Broward County are as follows:

O & M Charges Transmission, Treatment and Disposal - per 1,000 Gallons	\$ 0.605
Monthly Debt Service per 1,000,000 Gallons of Reserved Capacity - Transmission, Treatment and Disposal	\$14,288.55 *

* The utility's share of reserved capacity for 1990/91 is approximately .310 MGD out of total capacity of 16.103 MGD.

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With the above rates in effect, the utility projects its annual costs of purchased wastewater treatment to be \$76,210.

Upon consideration, we find it appropriate to authorize emergency rates based on the information presented. We find the rates set forth below to be fair, just, and reasonable. The utility's current rates and the emergency rates approved herein are set forth below for comparative purposes.

MONTHLY WASTEWATER RATES

Schedule of Current and Emergency Rates

<u>Residential Service</u>	<u>Current</u>	<u>Commission Approved Emergency Rates</u>
Base Facility Charge: All Meter Sizes	\$ 5.05	\$ 9.65
Gallonge Charge per 1,000 Gallons	1.76	3.36
 <u>General Service</u>		
Base Facility Charge: Meter Size:		
5/8" x 3/4"	\$ 5.05	\$ 9.65
1"	12.63	24.14
1-1/2"	25.25	48.27
2"	40.40	77.23
Gallonge Charge per 1,000 Gallons	\$ 1.76	\$ 3.36

These emergency rates will allow Parkland the opportunity to earn the revenue requirement shown on Schedule No. 1(a), which is attached to this Order. The revenue requirement is at a breakeven level, based on the MFRs, and excludes a return on rate base and rate case expense. Our adjustments are shown on Schedule No. 1(b). These schedules are by reference incorporated herein.

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Refund Security

The excess of the emergency wastewater rates over the existing rates shall be collected under guarantee subject to refund with interest. The utility shall file a bond or letter of credit in the amount of \$57,500 as security for a refund. The utility shall provide monthly reports which specify the revenue collected each month and the amount subject to refund.

Effective Date

The emergency rates approved herein shall be effective for meter readings taken on or after thirty days following the stamped approval date on the revised tariff pages. Prior to its implementation of these rates, however, Parkland shall file and have approved revised tariff pages, a proposed notice to its customers of the increased rates and the reasons therefore, and the bond or letter of credit discussed above.

Based upon the discussion above, it is

ORDERED by the Florida Public Service Commission that the request by Parkland Utilities, Inc. for an emergency increase in wastewater rates is hereby approved, as set forth in the body of this Order. It is further

ORDERED that the increased rates shall be collected subject to refund in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that pursuant to Rule 25-30.360(6), Florida Administrative Code, Parkland Utilities, Inc. shall provide a report by the twentieth day of each month, indicating the monthly and total revenues collected subject to refund. It is further

ORDERED that Parkland Utilities, Inc. shall file revised tariff pages in accordance with the provisions of this Order. It is further

ORDERED that Parkland Utilities, Inc. shall file a proposed notice to its customers detailing the increased rates and the reasons therefore. This notice shall be submitted to this Commission for prior approval. It is further

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ORDERED that Parkland Utilities, Inc. shall file a bond or letter of credit in the amount of \$57,500 as guarantee for any potential refund. It is further

ORDERED that the emergency wastewater rates approved herein shall be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff pages. The revised tariff pages will be approved upon Staff's verification that they are consistent with the Commission's decision, that the proposed customer notice is adequate, and that the appropriate refund security has been provided.

By ORDER of the Florida Public Service Commission this 1st
day of OCTOBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TCP

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.

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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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PARKLAND UTILITIES, INC.
SEWER OPERATING STATEMENT
TEST YEAR ENDING 12/31/89

SCHEDULE NO.1(a)
DOCKET NO. 900598-WS

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	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS TO UTIL. BAL.	STAFF ADJUSTED TEST YEAR	STAFF ADJUSTMENT FOR INCREASE	BALANCE PER STAFF
OPERATING REVENUES	\$108,627	\$5,999	\$114,626	\$104,500	\$219,126
OPERATING EXPENSES:					
OPERATION AND MAINTENANCE	153,104	30,246	183,350	0	183,350
DEPRECIATION	57,967	(8,771)	49,196	0	49,196
AMORTIZATION	(42,495)	0	(42,495)	0	(42,495)
TAXES OTHER THAN INCOME	24,546	(174)	24,372	4,703	29,075
INCOME TAXES	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$193,122	\$21,301	\$214,423	\$4,703	\$219,126
OPERATING INCOME/(LOSS)	(\$84,495)	(\$15,302)	(\$99,797)	\$99,797	\$0
RATE BASE	\$0		\$0		\$0
RATE OF RETURN	N/A		N/A		0.00%

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DOCKET NO. 900538-WS

SCHEDULE NO. 1(b)
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PARKLAND UTILITIES, INC.
TEST YEAR ENDING 12/31/89
ADJUSTMENTS TO OPERATING STATEMENT

	SEWER

1. OPERATING REVENUE	
Match present rates to billing analysis	\$5,999

2. O & M EXPENSES	
Adjust purchased sewage treatment costs to current charge by Broward County	\$30,246

3. DEPRECIATION	
Removes depreciation on non-used and useful plant	(\$8,771)

4. TAXES OTHER THAN INCOME	
a.) Removes property taxes on non-used and useful plant	(\$2,616)
b.) Matches regulatory assessment fees to adjusted revenue	2,442

TOTAL ADJUSTMENT	(\$174)

5. OPERATING REVENUE	
Revenue increase to breakeven	\$104,500

6. TAXES OTHER THAN INCOME	
Matches regulatory assessment fees to revenue increase	\$4,703
