

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of) DOCKET NO. 930082-SU
Tariff Filing to Reflect) ORDER NO. PSC-93-0316-FOF-SU
Increase in Ad Valorem Taxes in) ISSUED: 03/01/93
Pasco County by HUDSON)
UTILITIES, INC. d/b/a HUDSON BAY)
COMPANY.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER APPROVING TARIFF

BY THE COMMISSION:

CASE BACKGROUND

Hudson Utilities, Inc., d/b/a Hudson Bay Company (Hudson or utility) is a class "C" wastewater utility located in Pasco County. On April 17, 1990, Hudson applied for a staff-assisted rate case (SARC), Docket No. 900293-SU. By Proposed Agency Action (PAA) Order No. 23810, issued November 27, 1990, the Commission approved increased rates and charges based on the projected test year ended December 31, 1990.

In November, 1990, Hudson received its 1990 ad valorem tax bill, which showed that its property tax liability had nearly doubled since the prior year. Because Hudson received the bill towards the end of the SARC process, the actual 1990 ad valorem taxes were not included in the revenue requirement approved in the case. However, our staff incorrectly informed the utility that the tax increase could not be passed-through pursuant to § 367.081(4), Florida Statutes, while the SARC was pending, but the increase could be passed-through once the SARC concluded.

The PAA Order in the SARC was protested by four different parties, three customers and the Office of Public Counsel (OPC). Subsequently, events developed such that the three customer protestants were no longer affected by the SARC; they were no longer customers of Hudson when this Commission denied Hudson's request to acquire the utility serving those customers. OPC and

DOCUMENT NUMBER-DATE

02250 MAR-18

FPC-RECORDS/REPORTING

Hudson then entered into a written settlement agreement, which they jointly filed on December 19, 1991. By Order No. 25787, issued February 24, 1992, we approved the settlement and revived Order No. 23810, making it final and effective. Docket No. 900293-SU was closed February 24, 1992.

On November 24, 1992, Hudson filed a pass-through application whereby it sought to pass-through the net ad valorem tax increases which it had experienced since calendar year 1990. Our staff informed Hudson that according to § 367.081(4)(b), Florida Statutes, only those increases to pass-through items which occurred in the most recent 12 month period could be recovered pursuant to § 367.081(4)(b), Florida Statutes. Hudson responded by pointing out staff's earlier contradictory statement.

Thereafter, on January 19, 1993, Hudson filed for Commission approval of tariff sheets containing rates grossed-up to reflect the net change in ad valorem taxes since 1989 pursuant to § 367.091, Florida Statutes. The tariffs were accompanied by a cost justification as the aforementioned section requires. Our evaluation of Hudson's filing follows.

TARIFF APPROVAL

As indicated above, under ordinary circumstances, Hudson would have sought to pass-through its tax increases on a timely basis under § 367.081(4)(b), Florida Statutes. However, at our staff's direction, Hudson waited until its SARC closed before submitting a pass-through application.

Furthermore, we note that in the aforementioned settlement agreement resolving Hudson's SARC, OPC and Hudson agreed to the following:

Except for any pass-through increases, the utility shall seek neither a rate increase nor a rate index from the Commission before November 1, 1993.

In its filing, Hudson's net ad valorem tax increase is \$8,601-\$9,006 when grossed up to reflect this Commission's regulatory assessment fees. Hudson's 1991 revenues, annualized to reflect the rates approved in the SARC, were \$382,188. By our calculations, the utility has correctly computed a revised revenue requirement which takes the net tax increase into account, and the revised

rates in the tariff sheets are properly designed for Hudson to recover the revised revenue requirement.

The instant tariff filing is essentially a pass-through, which the settlement agreement allowed, and the requested rates do not affect the utility's approved or achieved rate of return. In consideration of the above, we think approving Hudson's tariff pursuant to § 367.091, Florida Statutes, is appropriate.

The current rates and the rates which the utility requested, and which we hereby approve, are shown below.

WASTEWATER

GENERAL, MULTI-RESIDENTIAL, AND BULK FLOW METER SERVICE

BASE FACILITY CHARGE METER SIZE		CURRENT RATE	APPROVED RATE
5/8" x 3/4"	\$	12.75	\$ 13.06
Full 3/4"		19.13	19.58
1"		31.88	32.63
1 1/2"		63.75	65.25
2"		102.00	104.41
3"		204.00	208.81
4"		318.75	326.27
6"		637.50	652.54
8"		1,020.00	1,044.07
10"		1,466.25	1,500.85

GENERAL & MULTI-RESIDENTIAL

GALLONAGE CHARGE

Per 1,000 Gallons \$ 5.01 \$ 5.13

BULK FLOW METER

GALLONAGE CHARGE

Per 1,000 Gallons \$ 5.22 \$ 5.35

WASTEWATER

RESIDENTIAL SERVICE

BASE FACILITY CHARGE METER SIZE	CURRENT RATE	APPROVED RATE
ALL METER SIZES	\$ 12.75	\$ 13.06
GALLONAGE CHARGE Per 1,000 Gallons (10,000 Gallon Maximum)	\$ 4.18	\$ 4.28

EFFECTIVE DATE

The tariffs will be approved as filed and will be effective, but not final, for meter readings on or after thirty days from the stamped approval date on the tariffs. Persons substantially affected by this tariff have the right to a hearing prior to final approval. Therefore, substantially affected persons shall have 21 days from the date of this Order to request a hearing. If a timely protest is filed, the utility may implement the tariff on a temporary basis, subject to refund. If no timely protest is filed, our action approving the tariff shall become final.

Although § 367.091, Florida Statutes, does not require the utility to send out a customer notice, we find that a customer is appropriate in this case. Therefore, the utility shall submit for approval and distribute a customer notice before the tariff sheets will be approved. The customer notice should explain the tariff filing, list the Commission-approved rates, and notify the customers of their right to request a hearing.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the tariffs for a pass-through of ad valorem tax increases filed by Hudson Utilities, Inc., d/b/a Hudson Bay Company are hereby approved as filed. It is further

ORDERED that the aforementioned tariffs will be effective, but not final, for meter readings on or after thirty days from the stamped approval date on the tariffs. It is further

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ORDERED that the tariffs shall not be approved until a customer notice is approved by Staff and is sent to the customers. The notice will be approved upon Staff's verification that it is consistent with our decision herein. It is further

ORDERED that substantially affected persons shall have 21 days from the date of this Order to request a hearing. It is further

ORDERED that if a timely protest to our action approving the tariff is filed, Hudson Utilities, Inc., d/b/a Hudson Bay Company may implement the tariff on a temporary basis, subject to refund. It is further

ORDERED that if no timely protest is filed, our action approving the tariff shall become final.

ORDERED that upon expiration of the protest period, if no protest has been received, the docket may be closed.

By ORDER of the Florida Public Service Commission this 1st day of March, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MJF

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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The Commission's decision on this tariff is interim in nature and may become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), 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 March 22, 1993.

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 wastewater 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 date this Order becomes final, 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.