

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a Staff-) DOCKET NO. 931056-WS
Assisted Rate Case in Marion) ORDER NO. PSC-93-1844-FOF-WS
County by ASTOR WEST, INC.) ISSUED: December 28, 1993
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

ORDER GRANTING EMERGENCY RATES AND CHARGES

BY THE COMMISSION:

BACKGROUND

On November 2, 1993, Astor West, Inc., (AWI or utility) applied for a staff-assisted rate increase (SARC) along with a request for an emergency rate increase. AWI is located in Marion County, Florida, and its mailing address is P.O. Box 337, Ocala, Florida. Mr. Len Tabor is the operator and manager of AWI, and Mr. Ray Gill is the contact person.

AWI is a Class "C" water and wastewater utility with a service area that includes Rio-Vista and Glenwood Subdivisions. By Order No. 11336, issued November 18, 1982, this Commission granted AWI Certificates Nos. 378-W and 325-S for water and wastewater, respectively. The Commission approved the rates and charges in Order No. 11336, and they have not changed since the certificates were issued. AWI currently provides water service to 194 customers and wastewater service to 37 customers.

EMERGENCY RATES

Ordinarily, the Commission does not consider emergency rates within the context of a SARC unless the utility has been placed in receivership. We wish to encourage utilities to seek rate relief in a timely manner, rather than allowing utilities' financial circumstances to worsen before the utilities seek relief through an application for a rate increase. In this case, however, AWI's recent history warrants an emergency rate increase.

DOCUMENT NUMBER-DATE

13775 DEC 28 83

FPSC-RECORDS/REPORTING

Until August 2, 1992, Mr. Alexander Mosely Collins, Jr., owned AWI; Mr. Collins never sought a rate increase for AWI because he used AWI as a tax write-off. Upon Mr. Collins' death, AWI became part of his estate, and Mrs. Selma Rowland Collins served as the representative for the estate. The disposition and management of Mr. Collins' estate have been difficult and complicated. In Order No. PSC-92-0797-FOF-WS, issued August 11, 1992, the Commission ordered AWI to show cause why AWI should not be fined for its failure to file its 1990 annual report. However, in Order No. PSC-93-1419-FOF-WS, issued September 29, 1993, the Commission ordered that no fine be levied against AWI since it had experienced complications due to the disposition of Mr. Collins' estate. In compliance with Rule 25-30.110, Florida Administrative Code, AWI filed all of its annual reports. Although Mr. Collins' estate has not been completely settled, Mrs. Selma R. Collins, as representative for the estate, has received court authority to operate AWI. AWI has filed for the present SARC which also includes a request for emergency rates. This SARC will allow AWI to recover its prudent utility expenses in rates as well as allow AWI the opportunity to operate on a stand-alone basis.

AWI has made and will continue to make additional extensive capital improvements in order to comply with Department of Environmental Protection (DEP) standards. However, pending the completion of the proceeding in which the Commission will consider whether to approve AWI's capital improvements in its rate base, AWI has requested that it be allowed to recover at least its operation and maintenance costs along with its related regulatory assessment fees. As a basis for its request for an emergency rate increase, AWI has used the difference between its operation and maintenance expenses and its revenues, which have been grossed-up to include AWI's regulatory assessment fees.

AWI submitted extensive documentation of its operation and maintenance (O&M) expenses for the most recent 12 month period (ending October 1993). During this 12 month period, AWI's O&M expenses have exceeded revenues by \$3,096 for water and \$2,712 for wastewater (this represents 21% of water revenues and 65% of wastewater revenues). Using the time schedule of a typical SARC, the earliest date that AWI could expect to receive compensatory rates would be July 11, 1994. By that time, AWI would have expended an estimated unrecoverable \$2,322 for water and \$2,034 for wastewater in operating expenses in excess of receipts from revenue to operate AWI. AWI currently contracts its operation and management to Enviro-Masters, an independent company that may

withhold DEP operations reports or even plant operation services if AWI does not make timely payments. Since it is not the current owner's fault that AWI operated at a deficit for so long and AWI's customers may suffer if funds are not available for AWI's continued operation of the plants, we find it appropriate to grant AWI its request for an emergency rate increase, subject to refund, in the amount of \$3,943 for water and \$3,038 for wastewater, increases of 26.49% and 72.4%, respectively, as shown below. Further, Schedules Nos. 1, 1A, and 1B show the calculations of AWI's emergency rate increase.

WATER
MONTHLY RATES

Residential

<u>Base Facility Charge</u>	<u>Current</u>	<u>Commission Approved</u>
<u>Meter Size</u>	<u>Rates</u>	<u>Emergency</u>
<u>5/8" x 3/4"</u>	<u>\$ 4.68</u>	<u>Temporary Rates</u>
		\$ 5.92
 <u>Gallonage Charge</u>		
Per 1,000 gallons	\$ 0.46	\$ 0.58

WASTEWATER
MONTHLY RATES

Residential

<u>Base Facility Charge</u>	<u>Current</u>	<u>Commission Approved</u>
<u>Meter Size</u>	<u>Rates</u>	<u>Emergency</u>
<u>5/8" x 3/4"</u>	<u>\$ 7.53</u>	<u>Temporary Rates</u>
		\$12.98
 <u>Gallonage Charge</u>		
Per 1,000 gallons (10,000 gallon maximum)	\$ 1.07	\$ 1.85

Refund Security

AWI will be authorized to collect the emergency rates after Staff's approval of AWI's refund security, its proposed customer notice, and its revised tariff sheets. AWI shall either file a letter of credit in the amount of \$4,676, or an escrow agreement with an independent financial institution that will remain in effect until the Commission issues a final order in this docket. Regardless of the security form that AWI chooses, AWI shall maintain an account of all monies it receives as a result of the rate increase. This account must specify by whom and, on whose behalf, such monies have been paid. AWI shall maintain a record of the amount of the revenues that may be subject to refund. If a refund is later required, it shall be paid with interest pursuant to Rule 25-30.360(4), Florida Administrative Code.

In addition, after the increased rates become effective, AWI shall file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports shall indicate the amount of revenue collected under the increased rates.

Effective Date

AWI's approved emergency rate increase shall be effective for meter readings on or after thirty days from the stamped approval date on its revised tariff sheets. As stated above, the revised tariff sheets will be approved upon Staff's verification that the tariffs are consistent with our decision herein, that the proposed customer notice is adequate, and that there is appropriate security for a potential refund to AWI's customers.

This docket shall remain open to process AWI's application for a staff-assisted rate increase.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Astor West, Inc.'s request for an emergency rate increase is hereby approved, as set forth in the body of this Order. It is further

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

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ORDERED that, pursuant to Rule 25-30.360(6), Florida Administrative Code, Astor West, 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 Astor West, Inc., shall file revised tariff sheets in accordance with the provisions of this Order. It is further

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

ORDERED that Astor West, Inc., shall either post a bond or file a letter of credit in the amount of \$4,676 as a guarantee for any potential refund. It is further

ORDERED that the emergency water and wastewater rates approved herein shall be effective for meter readings on or after thirty days from the stamped approval date on the revised tariff sheets. The revised tariff sheets 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 there is appropriate refund security. It is further

ORDERED that this docket shall remain open to process Astor West, Inc.'s application for a staff-assisted rate increase.

By ORDER of the Florida Public Service Commission, this 28th day of December, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ELS

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 wastewater 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.

CALCULATION OF EMERGENCY RATE INCREASE (WATER)

ACCOUNT NUMBER	ACCOUNT TITLE	PER UTILITY SEP. 1, 1992 THROUGH AUG. 31, 1993	COMM. ADJUSTMENTS	PER COMM. SEP. 1, 1992 THROUGH AUG. 31, 1993
461	Revenue	14,884	0	14,884
601	Salaries and Wages – Employees	0		0
603	Salaries and Wages – Officers	0		0
604	Employee Pensions and Benefits	0		0
610	Purchased Water	0		0
615	Purchased Power	1,890		1,890
616	Fuel for Power Production	0		0
618	Chemicals	210		210
620	Materials and Supplies	0		0
630	Contractual Services	13,450	1 (60)	13,390
640	Rents	0		0
650	Transportation Expenses	0		0
655	Insurance Expense	1,585	2 (444)	1,141
665	Regulatory Commission Expense	0	3 38	38
670	Bad Debt Expense	0		0
675	Miscellaneous Expenses	1,311		1,311
		<u>18,446</u>	<u>(466)</u>	<u>17,980</u>
	OPERATING LOSS	<u>(3,562)</u>		<u>(3,096)</u>

EMERGENCY INCREASE GROSSED UP FOR REGULATORY ASSESSMENT FEES

(\$17,980/.955) – \$14,884 = \$3,943.23

PERCENTAGE INCREASE
\$3,943/\$14,884 = 26.49%

FACTOR TO APPLY TO RATE
SCHEDULES = 1.2649

SCHEDULE NO. 1A

CALCULATION OF EMERGENCY RATE INCREASE (WASTEWATER)

ACCOUNT NUMBER	ACCOUNT TITLE	PER UTILITY SEP. 1, 1992 THROUGH AUG. 31, 1993	COMM. ADJUSTMENTS	PER COMM. SEP. 1, 1992 THROUGH AUG. 31, 1993
522	Revenue	4,198	0	4,198
701	Salaries and Wages - Employees	0		0
703	Salaries and Wages - Officers	0		0
704	Employee Pensions and Benefits	0		0
710	Purchased Sewage Treatment	0		0
711	Sludge Removal Expense	870		870
715	Purchased Power	1,823		1,823
716	Fuel for Power Production	0		0
718	Chemicals	412		412
720	Materials and Supplies	0		0
730	Contractual Services	3,625	1 (242)	3,383
740	Rents	0		0
750	Transportation Expenses	0		0
755	Insurance Expense	396	2 (111)	285
765	Regulatory Commission Expense	0	3 37	37
770	Bad Debt Expense	0		0
775	Miscellaneous Expenses	100		100
		<u>7,226</u>	<u>(316)</u>	<u>6,910</u>
	OPERATING LOSS	<u>(3,028)</u>		<u>(2,712)</u>

EMERGENCY INCREASE GROSSED UP FOR REGULATORY ASSESSMENT FEES

$(\$6,910 / .955) - \$4,198 = \$3,037.60$

PERCENTAGE INCREASE
 $\$3,038 / \$4,198 = 72.36\%$

FACTOR TO APPLY TO RATE
 SCHEDULES = 1.7236

SCHEDULE NO. 1B

CALCULATION OF EMERGENCY RATE INCREASE
ADJUSTMENTS

	<u>WATER</u>	<u>WASTEWATER</u>
1. Remove income tax preparation for 1991	(60)	(242)
2. Remove insurance expense for non-utility items	(444)	(111)
3. Add amortized SARC filing fee	<u>38</u>	<u>37</u>
TOTAL COMMISSION ADJUSTMENTS	<u>(466)</u>	<u>(316)</u>