

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a Rate ) DOCKET NO. 921293-SU  
Increase in Pinellas County by ) ORDER NO. PSC-94-0149-FOF-SU  
MID-COUNTY SERVICES, INC. ) ISSUED: February 7, 1994  
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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 ACKNOWLEDGING MID-COUNTY SERVICES, INC.'S NOTICE TO  
IMPLEMENT RATES APPROVED IN PAA ORDER NO. PSC-93-1713-FOF-SU  
ON AN INTERIM BASIS, SUBJECT TO REFUND,  
AND PROVIDING FOR INCREASED SECURITY

BY THE COMMISSION:

Background

Mid-County Services, Inc. (Mid-County or utility), a wholly-owned subsidiary of Utilities, Inc., is a Class B utility, located in Pinellas County, Florida. Mid-County provides wastewater service to customers located in Dunedin, Florida. The utility is located in a region which has been designated by the South Florida Water Management District (SFWMD) as a critical use area. As of December 31, 1992, the utility served approximately 1,062 residential customers and 175 general service customers. The wastewater system serves approximately 2,337 equivalent residential connections (ERCs). By Order No. 25257, issued October 28, 1991, we approved a transfer of majority organizational control of Mid-County from the former owner of the utility to Utilities, Inc. The transaction involving the acquisition of stock was completed and the closing occurred on May 22, 1991.

On April 1, 1993, the utility filed the instant application for approval of interim and permanent rate increases pursuant to Sections 367.081 and 367.082, Florida Statutes, and requested that the Commission process this case under the proposed agency action (PAA) procedure. However, the information submitted did not satisfy the minimum filing requirements (MFRs) for a general rate increase. Subsequently, on May 21, 1993, the utility satisfied the

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MFRs and this date was designated the official filing date. The test year for interim is the twelve-month period ended December 31, 1992. The test year for the final rate determination is the projected twelve-month period ending March 31, 1994, based on the historical twelve-month period ending June 30, 1992. The current rate case was driven by the capital improvements required by Department of Environmental Protection (DEP) directives. The utility has upgraded personnel and invested approximately \$1,500,000 to improve its present service.

Mid-County requested interim wastewater rates designed to generate annual operating revenues of \$796,235. Those revenues exceeded test year revenues by \$304,591 or 61.95 percent. By Order No. PSC-93-1174-FOF-WU, issued August 10, 1993, we approved annual operating revenues of \$755,218 on an interim basis, subject to refund. Mid-County requested final wastewater rates designed to generate annual revenues of \$926,127. These revenues exceed test year revenues by \$430,548, or 86.88 percent. By PAA Order No. PSC-93-1713-FOF-SU, issued November 30, 1993, the Commission proposed increased wastewater rates and service availability charges for this utility. Specifically, the Commission proposed a \$761,574 wastewater revenue requirement for Mid-County, which represents an annual increase in revenue of \$262,803 or 52.69 percent.

On December 20, 1993, Suntech Homes, Inc. (Suntech or developer) timely filed a Petition on Proposed Agency Action, wherein it requests a Section 120.57, Florida Statutes hearing. An administrative hearing is scheduled for April 20 and 21, 1994. The developer's protest appears to be limited to the service availability charges.

#### Utility's Notice to Implement PAA Rates

On December 27, 1993, Mid-County submitted its Notice of Intent to Implement Increased Rates and Charges pursuant to Section 367.081(8), Florida Statutes, pending the resolution of the protest filed in this docket. The utility also submitted revised tariff sheets, a proposed customer notice, and corporate undertakings of Mid-County Services, Inc., and its parent, Utilities, Inc., for the purpose of securing any potential refund.

Section 367.081(8), Florida Statutes, provides that at the expiration of five months following the official filing date, if the Commission has not taken action or, if the Commission's action is protested by a party other than the utility, the utility may place its requested rates into effect under bond, escrow, or corporate undertaking subject to refund, upon notice to this Commission and upon filing the appropriate tariffs.

Although the utility has the right to implement its requested final rates, it has elected to implement the proposed rates contained in Order No. PSC-93-1713-FOF-SU. The proposed rates are lower than the rates requested by the utility in the MFRs.

Based upon our review of the tariff sheets, customer notice, and security provided by the utility, we believe that the utility has met the requirements of Section 367.081(8), Florida Statutes. The tariff sheets shall be effective for service rendered on or after January 7, 1994, provided that the customers have received a copy of the notice informing them of a change in rates in accordance with Rule 25-30.475, Florida Administrative Code.

In consideration of the foregoing, we hereby acknowledge the utility's implementation of the rates set forth in Order No. PSC-93-1713-FOF-SU on an interim basis, subject to refund, pending the outcome of this rate proceeding.

#### Proper Security

Section 367.081(8), Florida Statutes, allows the utility to place its requested rates into effect under bond, escrow, or corporate undertaking subject to refund. In addition, Section 367.081(6), Florida Statutes, specifies that the utility shall keep accurate detailed accounts of all amounts received under bond, escrow, or corporate undertaking subject to refund. Section 367.081(6), Florida Statutes, also specifies by whom and in whose behalf such amounts were paid.

Order No. PSC-93-1174-FOF-WU, issued August 10, 1993, approved an interim increase for Mid-County, subject to refund. At that time, we determined that the utility's parent, Utilities, Inc., could support a corporate undertaking for the amount of the increase. Therefore, the Order specified that the increase should be guaranteed through a corporate undertaking of the parent in the amount of \$165,500. The utility's parent filed the required corporate undertaking.

Due to the utility's implementation of the rates in Order No. PSC-93-1713-FOF-SU, and considering the time over which they will be collected, the level of security for a potential refund must be increased. As stated earlier, on December 27, 1993, the utility filed corporate undertakings by Mid-County and the parent, Utilities, Inc., which guarantee the refund of the difference between the rates and charges implemented by Mid-County and the final rates and charges approved by this Commission in this proceeding. The potential additional refund could amount to approximately \$265,000 for a total refund of \$430,000. Upon

consideration, we find that the corporate undertakings filed by the utility and its parent, dated December 23, 1993, are sufficient. The corporate undertakings shall be adopted as the security for the additional revenues collected under the proposed agency action rates contained in Order No. PSC-93-1713-FOF-SU. Additionally, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Mid-County Services, Inc.'s Notice to Implement those rates set forth in Order No. PSC-93-1713-FOF-SU, on an interim basis, subject to refund, pending the outcome of this proceeding, is hereby acknowledged as set forth in the body of this order. It is further

ORDERED that the rates shall be effective for service rendered on or after January 7, 1994, provided that the customers have received a copy of the notice informing them of a change in rates in accordance with Rule 25-30.475, Florida Administrative Code. It is further

ORDERED that the corporate undertakings, filed by Mid-County Services, Inc. and its parent, Utilities, Inc., dated December 23, 1993, shall be adopted as the security for the additional revenues collected under the proposed agency action rates contained in Order No. PSC-93-1713-FOF-SU. It is further

ORDERED that, pursuant to Rule 25-30.360(6), Florida Administrative Code, Mid-County Services, Inc., shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. It is further

ORDERED that this docket shall remain open pending the outcome of this proceeding.

By ORDER of the Florida Public Service Commission, this 7th day of February, 1994.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )  
LAJ

by: Kay Dizon  
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Chief, Bureau of Records

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.