

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a Rate) DOCKET NO. 941108-WS
Increase in Collier County by) ORDER NO. PSC-95-0344-FOF-WS
Florida Cities Water Company,) ISSUED: March 13, 1995
Golden Gate Division)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER SUSPENDING PROPOSED RATES

BY THE COMMISSION:

Florida Cities Water Company, Golden Gate Division, (FCWC or utility) is a Class A utility that provides water and wastewater service in Collier County. As of September 30, 1994, the utility served 2,571 water and 1,873 wastewater customers. The Golden Gate system serves an area that has been designated by the South Florida Water Management District as a critical use area.

On December 29, 1994, FCWC applied for increased water and wastewater rates pursuant to Section 367.081, Florida Statutes. Its application satisfied the minimum filing requirements, and that date was designated as the official filing date. The utility has asked that we process its application as proposed agency action, in accordance with Section 367.081(8), Florida Statutes.

The test year for this proceeding is the projected twelve-month period ending September 30, 1995, based upon the historical twelve months ended September 30, 1994. During the base period, the utility recorded operating revenues of \$1,319,900 for water and \$1,190,060 for wastewater service. It also recorded operating income of \$271,645 and \$269,749 for water and wastewater, respectively.

FCWC did not request an interim rate increase. According to the utility, 1993 and 1994 price index adjustments have allowed it to maintain a satisfactory return on its investment. FCWC's last authorized return on investment was 9.27 percent, with an approved range from 8.97 percent to 9.57 percent. Its achieved return

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during the base period was 6.84 percent for water and 9.39 percent for wastewater, or 7.91 percent on a combined basis.

The utility's proposed rates are designed to generate annual revenues of \$1,589,879 for water service (a \$253,468 or 18.97 percent increase) and \$1,490,156 for wastewater service (a \$279,525 or 23.03 percent increase). The utility contends that increased rates are necessary to support substantial additions to plant in service. Those additions, which are expected to be completed by July 1, 1995, include a 1.0 million gallon water storage tank, a 200,000 gallons per day expansion to the wastewater treatment plant, and various improvements to the water distribution and wastewater collection systems. Overall, the projected costs for these improvements are \$1,675,348 for water and \$2,315,632 for wastewater. The utility's requested rate increases will reportedly produce an 8.99 percent return on investment.

Under Section 367.081(6), Florida Statutes, the utility's proposed rate schedules become effective sixty (60) days after filing unless we withhold consent. We have reviewed the utility's application, its proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Upon consideration, we believe that further explanation, elaboration, and corroboration of the information filed by the utility is necessary. We, therefore, find it appropriate to suspend the utility's proposed rate schedules. Accordingly, this docket shall remain open.

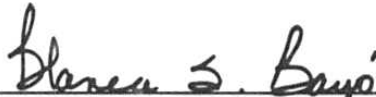
It is, accordingly,

ORDERED by the Florida Public Service Commission that the rate schedules proposed by Florida Cities Water Company, Golden Gate Division, are suspended, pursuant to Section 367.081(6), Florida Statutes. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission, this 13th
day of March, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

RJP

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.