

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed rate reduction) DOCKET NO. 960878-WS
to reflect a decrease in) ORDER NO. PSC-96-1226-FOF-WS
purchased water and wastewater) ISSUED: September 27, 1996
costs to FPSC-regulated)
utilities, by Pasco County)
_____)

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 TO SHOW CAUSE

BY THE COMMISSION:

On December 12, 1995, the Pasco County Board of County Commissioners approved a rate decrease for all bulk water and/or wastewater customers beginning January 1, 1996, through September 30, 1999. On December 20, 1995, we received from Pasco County (County) copies of the notices it sent to the nine utilities regulated by the Florida Public Service Commission (FPSC) which purchase water and/or wastewater from the County, advising the utilities of the bulk water and/or wastewater rate change. According to the notice, the County extended the January 1, 1996, effective date until April 1, 1996, in order to allow the utilities sufficient time to contact us and/or incorporate the new charges into its rate structure. On March 29, 1996, we sent letters to the nine affected utilities advising them that because the County approved two rate changes in 1996, the utilities had the option of using the pass-through statute to adjust their rates.

To date, only two of the nine, Utilities Inc. of Florida (Utilities Inc.) and Jasmine Lakes Utilities Corporation (Jasmine Lakes), have filed for a pass-through rate reduction. Another utility, Virginia City Utilities, Inc., (Virginia City), has rates that are currently less than the decreased rate and, therefore, is not required to file the pass-through. Currently, Virginia City is involved in a staff-assisted rate case through which the County's decreased rates will be incorporated. The six utilities which have not filed a pass-through rate reduction are: Hudson Utilities, Inc., d/b/a Hudson Bay Company (Hudson), Forest Hills Utilities, Inc. (Forest Hills), Mad Hatter Utility, Inc., (Mad Hatter), Aloha

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Utilities, Inc. (Aloha), Southern States Utilities, Inc. (SSU), and Betmar Utilities, Inc. (Betmar).

Section 367.081 (4) (b), Florida Statutes, provides in part:

The approved rates of any utility which receives all or any portion of its utility service from a governmental authority or from a water or wastewater utility regulated by the Commission and which redistributes that service to its utility customers shall be automatically increased or decreased without hearing, upon verified notice to the Commission 45 days prior to its implementation of the increase or decrease that the rates charged by the governmental authority or other utility have changed. (emphasis added)

The language in Section 367.081 (4) (b), Florida Statutes, specifically addresses both increases and decreases. Therefore, the bulk water and/or wastewater rate decrease approved by the County qualifies for a pass-through rate adjustment for FPSC regulated utilities.

In prior decisions, we have found that rate reductions associated with decreases in the rates for purchased water and/or wastewater service are appropriate. By Order No. 11026, issued July 26, 1982, in Docket No. 820264-W, we ordered a reduction in the rates for Florida Water Service, Inc., to pass-through a decrease in the purchased water rate charged by its supplier, Village of Palm Springs. In addition, by Order No. 20728, issued February 13, 1989, in Docket No. 890049-SU, we ordered a rate reduction for Hudson Utilities, Inc., using the limited proceeding statute to pass-through a reduction in the cost of purchased sewage treatment by Pasco County.

Accordingly, we find it appropriate to order Hudson, Forest Hills, Mad Hatter, Aloha, SSU, and Betmar to show cause in writing within twenty days why their rates should not be adjusted, effective April 1, 1996, to reflect the reduction in purchased water and/or wastewater costs to bulk water and/or wastewater customers in Pasco County. Each utility shall file their response only with the Commission. For purposes of determining whether a rate adjustment is appropriate, each utility shall file the information required by Rule 25-30.425 (1) (a) through (f), Florida Administrative Code, along with a calculation of the rate decrease. Upon the failure of any of the above-named utilities to timely respond to this show cause order, the Commission shall reduce the

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rates of such non-responding utility or utilities to reflect the amount of Pasco County's rate reduction. The effective date of any such reduction shall be April 1, 1996.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Hudson Utilities, Inc. d/b/a Hudson Bay Company, Forest Hills Utilities, Inc., Mad Hatter Utility, Inc., Aloha Utilities, Inc., Southern States Utilities, Inc., and Betmar Utilities, Inc. shall show cause in writing why their rates should not be adjusted, effective April 1, 1996, to reflect the reduction in purchased water and/or wastewater costs to bulk water and/or wastewater customers in Pasco County. Each utility shall file their response only with the Commission. It is further

ORDERED that each above-named utility shall file the information required by Rule 25-30.425(1)(a) through (f), Florida Administrative Code, along with a calculation of the rate decrease. Such information must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within twenty days of the date of this Order. It is further

ORDERED that upon the failure of any of the above-named utilities to timely respond to this show cause order, the Commission shall reduce the rates of such non-responding utility or utilities to reflect the amount of Pasco County's rate reduction. The effective date of any such reduction shall be April 1, 1996. It is further

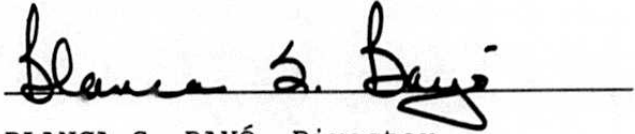
ORDERED that each utility's opportunity to file a written response shall constitute its opportunity to be heard prior to a final determination by this Commission. It is further

ORDERED that a failure to timely respond to this show cause order shall constitute an admission of the facts alleged in the body of this Order and a waiver of any right to a hearing. It is further

ORDERED that, in the event that if a utility files a written response which raises material questions of fact and requests a hearing pursuant to Section 120.57, Florida Statutes, further proceedings may be scheduled before a final determination on these matters is made.

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By ORDER of the Florida Public Service Commission, this 27th
day of September, 1996.

A handwritten signature in black ink, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

BLR

DISSENT

Chairman Susan F. Clark dissents from the Commission's
decision in this docket.