

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

DOCKET NO. 020006-WS
ORDER NO. PSC-02-1252-CO-WS
ISSUED: September 11, 2002

CONSUMMATING ORDER

BY THE COMMISSION:

By Order No. PSC-02-0898-PAA-WS, issued July 5, 2002, this Commission proposed to establish the authorized range of returns on common equity for water and wastewater utilities, subject to a Petition for Formal Proceeding as provided in Rule 25-22.029, Florida Administrative Code. The PAA Order established the leverage formula methodology used to calculate a range of returns on equity for water and wastewater utilities, and capped the returns on equity at 11.10 percent for all water and wastewater utilities with equity ratios of less than 40 percent in order to discourage imprudent financial risk. In addition, the PAA Order applied the leverage formula methodology to all water and wastewater utilities that currently have an authorized return on equity.

On July 26, 2002, Florida Water Services Corporation (Florida Water) filed an Amended Petition Protesting Agency Action Order No. PSC-02-0898-PAA-WS and Request for Formal Administrative Proceeding, pursuant to Rule 28-106.201, Florida Administrative Code. Florida Water's petition protested the application of the leverage formula methodology to all water and wastewater utilities that currently have an authorized return on equity, and explicitly stated that Florida Water did not take issue with the methodology or actual range of returns on common equity established by the PAA Order. The Office of Public Counsel (OPC) filed a Petition for Formal Proceeding, pursuant to Rule 25-22.029, Florida Administrative Code, on July 26, 2002, protesting the leverage formula methodology, but not the application of the leverage formula to all water and wastewater utilities that currently have an authorized return on equity. Then, on August 26, 2002, OPC

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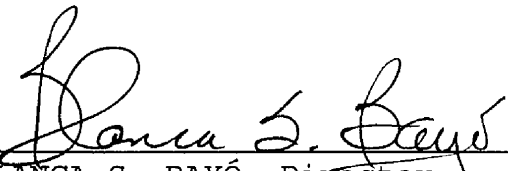
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filed a Notice of Withdrawal of Objection to Proposed Agency Action and Petition for Formal Proceedings. As a result, there is now no protest as to the leverage formula methodology and the cap on the returns on equity for all water and wastewater utilities. These issues are severable from the remaining petition, filed by Florida Water, which protests the application of the leverage formula methodology to all water and wastewater utilities that currently have an authorized return on equity. Accordingly, Order No. PSC-02-0898-PAA-WS can become final as to the leverage formula methodology and the cap on returns on equity for all water and wastewater utilities. It is, therefore,

ORDERED by the Florida Public Service Commission that Order No. PSC-02-0898-PAA-WS has become effective and final to the extent that it approves the leverage formula methodology used to calculate a range of returns on equity for water and wastewater utilities, and capped the returns on equity at 11.10 percent for all water and wastewater utilities with equity ratios of less than 40 percent in order to discourage imprudent financial risk. It is further

ORDERED that this docket shall remain open pending resolution of the Petition for Formal Proceeding filed by Florida Water Services Corporation.

By ORDER of the Florida Public Service Commission, this 11th day of September, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any judicial review of Commission orders that is available pursuant to Section 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 judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request 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 and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services 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 after the issuance of this order, 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.