

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. | DOCKET NO. 050862-WU
| ORDER NO. PSC-06-0063-FOF-WU
| ISSUED: January 24, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER, II
KATRINA J. TEW

ORDER DENYING REQUEST FOR INTERIM RATES

BY THE COMMISSION:

Background

County-Wide Utility Company (County-Wide or utility) is a Class C utility located in Marion County. The utility provides water service only. Based on the 2004 Annual Report, the utility serves approximately 482 water customers. Revenues for 2004 were reported as \$109,074 for water, and the utility reported an operating income of \$947.

Due to a 1996 change in Marion County's Land Development Code to require fire flow in new developments, County-Wide hired an engineer to perform a capacity analysis and to look at alternatives to expand capacity and provide fire flow. After considering alternatives, County-Wide entered into an agreement with the City of Ocala for the interconnection of its system to receive bulk water and wastewater. County-Wide has currently commenced the construction of an interconnection with the City of Ocala and an expansion of its system. The construction of the interconnection will be completed within the next few months. The construction of the expansion will continue through February 2006. County-Wide has already taken the water plant off-line and is now buying water from the City of Ocala. The utility indicated that these projects result in approximately \$950,000 of additional investment.

In the instant docket, County-Wide has applied for a staff-assisted rate case and has requested interim rates. The utility's interim rates request is based on it being allowed to immediately earn a return on its major investment. We have jurisdiction pursuant to Section 367.0814, Florida Statutes.

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Request for Interim Rates

County-Wide has requested that it be allowed to immediately earn a return on its major investments through interim rates. Section 367.0814(4), Florida Statutes, provides that:

[t]o establish interim relief, there must be a demonstration that the operation and maintenance expenses exceed the revenues of the regulated utility, and interim rates shall not exceed the level necessary to cover operation and maintenance expenses as defined by the Uniform System of Accounts for Class C Water and Wastewater Utilities (1996) of the National Association of Regulatory Utility Commissioners.

The statute does not provide for interim rate relief based on earning a return on an investment. We have reviewed the utility's operation and maintenance expenses in relation to its revenues. Based on the utility's 2004 Annual Report and staff-assisted rate case filing, we find that the utility's revenues exceed its operation and maintenance expenses. Therefore, the utility's request for interim rate relief does not accord with Section 367.0814(4), Florida Statutes, and it is hereby denied. However, because it is critical for the utility to continue payment to the City of Ocala for the purchase of water, our staff will continue to explore alternative avenues for expedited rate relief.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that County-Wide Utility Co., Inc.'s request for interim rates is denied. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 24th day of January, 2006.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

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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 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 non-final in nature, may request (1) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, or (2) 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 the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.