

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for limited alternative rate increase in Lake County by Brendenwood Water System, Inc. | DOCKET NO. 050880-WU
ORDER NO. PSC-06-0444-PAA-WU
ISSUED: May 22, 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 APPROVING RATE INCREASE
AND
NOTICE OF PROPOSED AGENCY ACTION ORDER
GRANTING TEMPORARY RATES IN THE EVENT OF PROTEST

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates in the event of a protest, is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Brendenwood Water System, Inc. (Brendenwood or utility) is a Class C water only utility serving approximately 58 customers in Lake County. According to its 2005 annual report, the utility reported operating revenues of \$21,131 and operating expenses of \$22,618. This resulted in a net operating loss of \$1,487.

On November 17, 2005, Brendenwood filed an application for a limited alternative rate increase pursuant to Rule 25-30.457, Florida Administrative Code. Pursuant to this rule, as an alternative to a rate case, a Class C utility may petition this Commission for a rate increase of up to 20 percent of service revenues. The rule was designed to streamline the rate increase process for qualifying small water or wastewater companies, and establishes an abbreviated procedure for a limited rate increase that is less time consuming and thus less costly for utilities, their customers, and the Commission. This rule is similar to the rules governing price index and pass-through increases in that an engineering or financial audit of the utility's books and records is not required. Brendenwood's application is the first application filed by a utility pursuant to Rule 25-30.457, Florida Administrative Code. The rule was adopted on March 15, 2005.

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FPSC-COMMISSION CLERK

On November 21, 2005, our staff notified Brendenwood of deficiencies in its application. The utility corrected its deficiencies by letter dated December 21, 2005. On January 20, 2006, Brendenwood met the minimum filing requirements set forth in Rule 25-30.457, Florida Administrative Code, the official date of filing was established as February 20, 2006, and the 90-day time frame began on that date. The \$200 filing fee was paid on February 6, 2006.

A customer meeting was held March 29, 2006, in the Eustis City Commission Room of City Hall, Eustis, Florida. None of Brendenwood's customers attended the customer meeting.

We have jurisdiction pursuant to Sections 367.0814(9) and 367.121(1), Florida Statutes.

Application

The data presented in Brendenwood's application was based upon annualized revenues by customer class and meter size for the period ended November 30, 2005, the most recent 12-month period. Based on annualized revenues of \$20,696, a 20 percent increase results in an annual increase in revenues of \$4,139. This produces total annual service revenues of \$24,835. Although not required by the rule, Brendenwood also provided its expenses for the year ended November 30, 2005, so that we could determine whether overearnings might occur as a result of the rate increase. Based on an analysis of earnings, we do not believe Brendenwood will overearn in 2006. Therefore, we hereby approve Brendenwood's application for a limited alternative rate increase in the amount of 20 percent.

Pursuant to Rule 25-30-457(13), Florida Administrative Code, the utility shall hold any revenue increase granted subject to refund with interest for a period of 15 months after the filing of its annual report for the year the adjustment in rates was implemented. To insure overearnings will not occur due to the implementation of this rate increase, we will conduct an earnings review of the utility's annual report for the year the adjustment in rates was implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, shall be disposed of for the benefit of the customers.

Rates

We have calculated rates by applying the 20 percent increase across-the-board to the current base facility and gallonage charges. A schedule of the utility's current rates and the increased rates approved herein is as follows:

Monthly Rates

Residential and General Service Water Rates

<u>Meter Sizes</u>	<u>Current Rates</u>	<u>Commission Approved Rates</u>
<u>Base Facility Charge</u>		
5/8" x 3/4"	\$10.42*	\$12.50*
3/4"	\$15.62	\$18.74
1"	\$26.04	\$31.25
1 1/2"	\$52.07	\$62.48
2"	\$83.32	\$99.98
3"	\$166.61	\$199.93
4"	\$260.35	\$312.42
6"	\$520.70	\$624.84
<u>Gallonage Charge</u>		
Per 1,000 Gallons		
0-10,000 Gallons RS	\$1.48	\$1.78
Over 10,000 Gallons RS	\$2.11	\$2.53
Gallonage Charge GS	\$1.74	\$2.09

* Pursuant to Order No. PSC-00-0807-PAA-WU, issued April 25, 2000, in Docket No. 991290-WU, In re: Application for staff-assisted rate case in Lake County by Brendenwood Water System, this rate shall be charged to existing residential customers having a 1" meter until the 1" meter is replaced, after which time the appropriate rate shall be charged based on meter size.

Based on the rate increase approved herein, the following is the estimated average residential water monthly billings for the consumptions shown:

<u>Monthly Consumption (In Gallons)</u>	<u>Existing Monthly Billing</u>	<u>Using Commission Approved Rates</u>
3,000	\$14.86	\$17.84
5,000	\$17.82	\$21.40
8,000	\$22.26	\$26.74

The approved rates shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative

Code. The rates shall not be implemented until our staff has approved the proposed customer notice. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rates may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on or after the effective date of the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Temporary Rates

This Order proposes an increase in water rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, pursuant to Rule 25-30.457(16), Florida Administrative Code, in the event of a protest by a substantially affected person other than the utility, Brendenwood shall be authorized to implement the rates established in this Order on a temporary basis upon filing a staff-assisted rate case application within 21 days of the date the protest is filed. We note that Rule 25-30.457(17), Florida Administrative Code, provides that in the event of a protest, the limit on the maximum increase of up to 20 percent provided by Rule 25-30.457(1), Florida Administrative Code, shall no longer apply. Pursuant to Rule 25-30.457(18), Florida Administrative Code, if the utility fails to file a staff-assisted rate case application within 21 days in the event there is a protest, the application for a limited alternative rate increase shall be deemed withdrawn.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Brendenwood Water System, Inc.'s application for a limited alternative rate increase is approved, as set forth in the body of this Order. It is further

ORDERED that pursuant to Rule 25-30-457(13), Florida Administrative Code, Brendenwood Water System, Inc. shall hold any revenue increase granted subject to refund with interest for a period of 15 months after the filing of its annual report for the year the adjustment in rates was implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, shall be disposed of for the benefit of the customers. It is further

ORDERED that the rates approved herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates shall not be implemented until our staff has approved the proposed customer notice. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that if the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rates may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on or after the effective date of

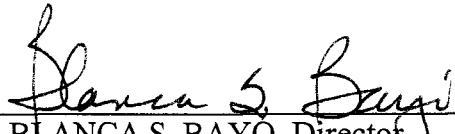
the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date. It is further

ORDERED that in the event of a protest by a substantially affected person other than the utility, Brendenwood Water System, Inc. shall be authorized to implement the rates approved in this Order on a temporary basis upon filing a staff-assisted rate case application within 21 days of the date the protest is filed. Pursuant to Rule 25-30.457(18), Florida Administrative Code, if Brendenwood Water System, Inc. fails to file a staff-assisted rate case application within 21 days in the event there is a protest, the application for a limited alternative rate increase shall be deemed withdrawn. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 22nd day of May, 2006.



BLANCA S. BAYO, 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 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.

As identified in the body of this order, our action, except for the granting of temporary rates in the event of a protest, is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 12, 2006. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request:

- (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services within fifteen (15) days of the issuance of this order in the form prescribed by 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 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.