

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for limited alternative rate increase in Polk County by Pinecrest Ranches, Inc. | DOCKET NO. 060416-WU  
ORDER NO. PSC-06-0822-PAA-WU  
ISSUED: October 6, 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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING WATER RATE INCREASE  
AND  
FINAL ORDER APPROVING TEMPORARY RATES IN THE EVENT OF PROTEST

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that, except for the approval of temporary rates in the event of protest which is final agency action, the action discussed herein 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 (F.A.C.).

Background

Pinecrest Ranches, Inc. (Pinecrest or utility) is a Class C utility which is currently providing water service to 144 mobile homes in a community in Polk County known as Citrus Highlands. The utility is located in the Southern Water Use Caution Area of the Southwest Florida Water Management District (SWFWMD). According to the utility's 2005 annual report, the utility had operating revenues of \$45,022 and a net operating loss of \$13,316.

On May 24, 2006, Pinecrest filed an application for a limited alternative rate increase pursuant to Rule 25-30.457, F.A.C. This is the second application filed by a utility under Rule 25-30.457, F.A.C.<sup>1</sup> The rule was adopted on March 15, 2005.

<sup>1</sup>Order No. PSC-06-0444-PAA-WU, issued May 22, 2006, in Docket No. 050880-WU, In Re: Petition for limited alternative rate increase in Lake County by Brendenwood Water System, Inc.

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On June 8, 2006, our staff notified Pinecrest of deficiencies in its application. The utility provided its corrections on June 19, 2006. On July 19, 2006, our staff notified Pinecrest it had met the minimum filing requirements set forth in Rule 25-30.457, F.A.C. The official date of filing was established as August 18, 2006, and the 90-day time frame began on that date. The \$500 filing fee was paid on July 28, 2006.

A customer meeting was held on August 16, 2006, at the Chain of Lakes Complex in Winter Haven, Florida. None of Pinecrest's customers attended the customer meeting.

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

#### Limited Alternative Rate Increase

Pursuant to Rule 25-30.457, F.A.C., 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. This rule was designed to streamline the rate increase process for qualifying small water or wastewater companies, by establishing an abbreviated procedure for a limited rate increase that is less time consuming and thus less costly for utilities, their customers, and the Commission staff. 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.

The data presented in the application was based upon annualized revenues by customer class and meter size for the period ended December 31, 2005, the most recent 12-month period. Based on the above, Pinecrest's application for a limited alternative rate increase in the amount of 20 percent is approved. With annualized revenues of \$40,194, a 20 percent increase results in an annual increase in revenues of \$8,039. This produces total annual service revenues of \$48,233.

Pursuant to Rule 25-30.457(13), F.A.C., the utility shall hold the 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, this Commission 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.

#### Monthly Service Rates

Our staff calculated rates by applying the 20 percent increase across-the-board to the current base facility and gallonage charges. The schedule of the utility's current rates and the approved rates 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"	\$9.99	\$11.99
3/4"	\$14.99	\$17.99
1"	\$24.98	\$29.98
1 1/2"	\$49.95	\$59.94
2"	\$79.92	\$95.90
3"	\$159.83	\$191.80
4"	\$249.73	\$299.68
6"	\$499.46	\$599.35
<u>Gallonage Charge</u>		
Per 1,000 Gallons	3.02	3.62

Based on the approved rates, the estimated average residential water monthly billings for the consumptions are as shown below:

<u>Monthly Consumption (In Gallons)</u>	<u>Existing Monthly Billing</u>	<u>Using Approved Rates</u>
3,000	\$19.05	\$22.85
5,000	\$25.09	\$30.09
8,000	\$34.15	\$40.95

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), F.A.C. 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 In The Event of Protest

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), F.A.C., in the event of a protest of the Proposed Agency Action (PAA) Order by a substantially affected person other than the utility, Pinecrest shall be authorized to implement the rates established in this PAA Order on a temporary basis upon filing a staff-assisted rate case application within 21 days of the date the protest is filed. Rule 25-30.457(17), F.A.C., 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), F.A.C., shall no longer apply. Pursuant to Rule 25-30.457(18), F.A.C., 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.

If a protest is filed within 21 days of the issuance of the Order, the docket shall remain open pending resolution of the protest.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Pinecrest Ranches, Inc., for a limited alternative rate increase in the amount of 20 percent is approved. It is further

ORDERED that, pursuant to Rule 25-30.457(13), F.A.C., 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. It is further

ORDERED that 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 water service rates for Pinecrest Ranches, Inc. in effect as of May 31, 2004, shall be increased by 20 percent to generate the approved revenue increase. It is further

ORDERED that Pinecrest Ranches, Inc. shall file revised tariff sheets and a proposed customer notice to reflect our approved rates as shown in the body of this Order. It is further

ORDERED that 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), F.A.C., provided that the rates shall not be implemented until our staff has approved the proposed customer notice. It is further

ORDERED that Pinecrest Ranches, Inc. 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 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, pursuant to Rule 25-30.457(16), F.A.C., in the event of a protest of the Proposed Agency Action (PAA) Order by a substantially affected person other than the utility, the utility shall be authorized to implement the rates established in the PAA order on a temporary basis upon the utility filing a staff-assisted rate case application within 21 days of the date the protest is filed. It is further

ORDERED that pursuant to Rule 25-30.457(18), F.A.C., if the utility fails to file a staff-assisted rate case application within 21 days of any protest, the application for a limited alternative rate increase shall be deemed withdrawn. It is further

ORDERED that if no timely protest is filed by a substantially affected person within 21 days of the Order, a Consummating Order shall be issued and the docket closed. It is further

ORDERED that if a protest is filed within 21 days of the issuance of the Order, the docket shall remain open pending resolution of the protest.

By ORDER of the Florida Public Service Commission this 6th day of October, 2006.

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

By: Marcia Sharma  
Marcia Sharma, Assistant 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 approving increased water rates 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 October 27, 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 approving temporary rates in the event of protest 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.