

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Pasco County by Orangeland Water Supply.

DOCKET NO. 070601-WU
ORDER NO. PSC-08-0640-AS-WU
ISSUED: October 3, 2008

The following Commissioners participated in the disposition of this matter:

KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

ORDER APPROVING AMENDED SETTLEMENT AGREEMENT

BY THE COMMISSION:

Background

Orangeland Water Supply (Orangeland or Utility) is a Class C water utility located in Pasco County serving approximately 76 water customers. Orangeland is located in the Northern Tampa Bay Water Use Caution Area of the Southwest Florida Water Management District (SWFWMD or District). The entire District has been under a phase II severe water shortage order since January 2007. The Utility's 2006 annual report reflects operating water revenues of \$6,214 and an operating loss of (\$3,930).

Orangeland has been under our jurisdiction since July 11, 1972, when Pasco County transferred jurisdiction to the Commission.¹ In 1977, the Utility was granted certificate No. 179-W to operate a water utility in Pasco County.² On September 17, 2007, Orangeland applied for a staff-assisted rate case (SARC). Prior to applying for a SARC, the Utility had not previously filed for a rate increase with us. May 13, 2008, we issued Proposed Agency Action Order No. PSC-08-0309-PAA-WU (PAA Order), whereby we approved a \$21,023 (or 370.92%) water increase.

On June 3, 2008, the Office of Public Counsel (OPC) filed a timely protest of the our PAA Order. In its filing, OPC protested the repression adjustment of the PAA Order. As a result of the protest, we scheduled a hearing to be held in the Utility's service area, and issued an Order Establishing Procedure on July 16, 2008.

¹ See Order No. 5488, issued July 21, 1972, in Docket No. 5818-WS, In re: Jurisdictional Resolutions from Boards of County Commissioners adopting the Water and Sewer System Regulatory Law, Chapter 71-278, Laws of Florida, (Chapter 367, Florida Statutes).

² See Order No. 7790, issued April 28, 1977, in Docket No. 760763-W, In re: Application of ORANGELAND WATER SUPPLY for a certificate to operate a water utility in Pasco County, Florida, pursuant to Section 367.171, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Subsequently, on July 31, 2008, Orangeland and OPC (collectively, "Parties") filed a joint motion, requesting that we approve an attached settlement (Settlement Agreement). In the joint motion, the Parties requested that discovery and all events be suspended pending our consideration of the Settlement Agreement.

On August 19, 2008, the Parties filed an Amended Settlement Agreement in order to correct minor errors contained in the Settlement Agreement filed July 31, 2008, and to reflect the appropriate rates agreed upon by the Parties. A copy of the Amended Settlement Agreement is attached hereto as Attachment A.

This order addresses the Amended Settlement Agreement submitted by the Parties. We have jurisdiction pursuant to Section 367.0814, Florida Statutes .

Decision

As noted above, OPC originally protested the repression adjustment and later entered into the Amended Settlement Agreement with Orangeland. In the Amended Settlement Agreement, the Parties agreed to a stipulated repression adjustment which would result in the rates shown on Exhibit A of the Amended Settlement Agreement. The Amended Settlement Agreement, with its Exhibit A, is attached as Attachment A. Below is a summary of Orangeland's PAA and Commission-approved stipulated rates:

	UTILITY'S* EXISTING RATES	PAA RATES	COMMISSION APPROVED STIPULATED RATES
<u>General and Residential Service</u>			
<u>Base Facility Charge by Meter</u>			
<u>Size:</u>			
5/8"X3/4"	\$5.00*	\$14.36	\$14.86
3/4"	\$0.00	\$21.54	\$22.29
1"	\$0.00	\$35.90	\$37.15
1-1/2"	\$0.00	\$71.80	\$74.30
2"	\$0.00	\$114.88	\$118.88
3"	\$0.00	\$229.76	\$237.76
4"	\$0.00	\$359.00	\$371.50
6"	\$0.00	\$718.00	\$743.00
* Existing rates include 5,000 gallons in the Base Facility Charge for.			

	UTILITY'S* EXISTING RATES	PAA RATES	COMMISSION APPROVED STIPULATED RATES
<u>General and Residential</u>			
<u>Gallonge Charge</u>			
Per 0 - 5,000 gallons	\$0.00	\$4.29	\$2.14
Per 1,000 gallons over 5,000	\$0.25	\$5.36	\$3.16
<u>Typical Residential 5/8" x 3/4"</u>			
<u>Meter Bill Comparison</u>			
3,000 Gallons	\$5.00	\$27.23	\$21.28
5,000 Gallons	\$5.00	\$35.81	\$25.56
10,000 Gallons	\$6.25	\$62.61	\$41.36

We have reviewed the rates contained in the Amended Settlement Agreement. We note that the stipulated base facility charges are greater than the previously-approved PAA base facility charges. However, the stipulated gallonge charges are substantially lower than the previously-approved PAA gallonge charges. On a combined basis, the stipulated rates are well below the previously-approved PAA rates. However, we find that the revised rates do not appear to impair the ability of the Utility to provide satisfactory quality of service. Additionally, any further litigation may cause a substantial increase in rate case expense which would further burden customers with higher rates.

In their joint motion the Parties contend, and we agree, that the Amended Settlement Agreement is a reasonable resolution because it addresses the protested issue. Further, the Parties believe, and we also agree, that it is in the public interest for us to approve the Amended Settlement Agreement because it promotes administrative efficiency and avoids the time and expense of a hearing. In keeping with our long-standing practice of encouraging parties to settle contested proceedings,³ we approve the Parties' Amended Settlement Agreement.

Accordingly, we direct the Utility to file a proposed customer notice and revised tariff sheets within 15 days of our vote, which is consistent with the our decision. The approved rates shall be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code, after our staff has verified that the proposed customer notice is adequate and the notice has been provided to the customers. The Utility shall provide proof that the customers have received notice within 10 days after the date of the notice.

³ See Order No. PSC-06-0092-AS-WU, issued February 9, 2006, in Docket No. 000694-WU, In re: Petition by Water Management Services, Inc. for limited proceeding to increase water rates in Franklin County.; Order No. PSC-05-0956-PAA-SU, issued October 7, 2005, in Docket No. 050540-SU, In re: Settlement offer for possible overearnings in Marion County by BFF Corp.; and Order No. PSC-00-0374-S-EI, issued February 22, 2000, in Docket No. 990037-EI, In re: Petition of Tampa Electric Company to close Rate Schedules IS-3 and IST-3, and approve new Rate Schedules GSLM-2 and GSLM-3.

Based on the foregoing, it is

ORDERED that Amended Settlement Agreement attached to this order as Attachment A is hereby approved. It is further

ORDERED that Orangeland Water Supply shall file a proposed customer notice and revised tariff sheets within 15 days of our vote, which is consistent with our decision. It is further

ORDERED that the approved rates shall be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code, after Commission staff has verified that the proposed customer notice is adequate and the notice has been provided to the customers. It is further

ORDERED that the Utility shall provide proof that the customers have received notice within 10 days after the date of the notice. It is further

ORDERED that the docket shall remain open until a final order has been issued, our staff has approved the revised tariffs sheets and customer notices within 15 days of the Commission vote, the utility has sent the notices to its customers, and staff has received proof that the customers have received notice within 10 days after the date of the notice. Once staff has verified all of the above actions are complete, this docket shall be closed administratively

By ORDER of the Florida Public Service Commission this 3rd day of October, 2008.



ANN COLE
Commission Clerk

(S E A L)

JEH

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 the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, 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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Pasco County by Orangeland Water Supply.

Docket No 070601-WU

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into this ____ day of August, 2008, by and between Orangeland Water Supply ("Orangeland," "Utility" or "Company"), and the Office of Public Counsel ("OPC" or "Citizens") on behalf of the customers of Orangeland.

WITNESSETH

WHEREAS, the Florida Public Service Commission ("Commission") issued Proposed Agency Action Order No. PSC-08-0309-PAA-WU in this docket on May 13, 2008 ("PAA Order"); and

WHEREAS, in order to avoid the time, expense and uncertainty associated with adversarial litigation, and in keeping with the Commission's long-standing policy and practice of encouraging parties in protested proceedings to settle issues whenever possible, the Citizens and Orangeland hereby enter into this Agreement to settle this case in accordance with the terms and conditions contained herein.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below, the Citizens and Orangeland agree as follows:

1. The PAA Order shall be amended as follows:

- a. The third paragraph under the heading "REPRESSION ADJUSTMENT," shall be deleted and replaced with the sentence: Orangeland and OPC agree that after application of a stipulated repression adjustment the rates approved by this PAA Order shall be as provided in the Section titled "MONTHLY RATES."
- b. The first paragraph and the first sentence of the second paragraph under the heading "MONTHLY RATES" shall be deleted and replaced with the following sentence: The appropriate post-repression final rates approved by this PAA Order shall be as provided in Schedule No. 4, attached hereto.
- c. Schedule No. 4 shall be deleted and replaced with new schedule No. 4, which has been agreed to by Orangeland and OPC. See Exhibit "A", attached hereto, which provides the new stipulated Schedule No. 4

2. The submission of this Settlement Agreement by the Parties is in the nature of an offer to settle. Consequently, if this Settlement Agreement is not accepted and approved without modification by Commission Order, then this Settlement Agreement is rejected and shall be considered null and void and neither Party may use the attempted agreement in this or any other proceeding.

3. Orangeland and the Citizens expressly agree that all activity relating to this docket should be suspended until the Commission disposes of the Joint Motion Requesting Commission Approval of Settlement Agreement.

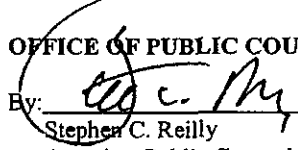
3. Orangeland and the Citizens expressly agree that all activity relating to this docket should be suspended until the Commission disposes of the Joint Motion Requesting Commission Approval of Settlement Agreement.

4. This Settlement Agreement will become effective on the date the Commission enters a final order approving the agreement in total. Upon the Commission issuing a final order approving this Settlement Agreement, the Citizens' Petition on Proposed Agency Action shall be deemed resolved, in accordance with the terms of this Settlement Agreement.

5. The Parties have evidenced their acceptance and agreement with the provisions of this Settlement Agreement by their signatures, and personally represent that they have authority to execute this Settlement Agreement on behalf of their respective Parties.

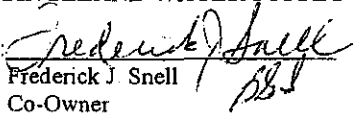
OFFICE OF PUBLIC COUNSEL

By:

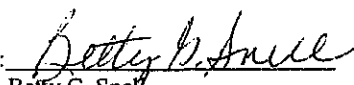

Stephen C. Reilly
Associate Public Counsel
On behalf of the Customers
of Orangeland Water Supply

ORANGELAND WATER SUPPLY

By:


Frederick J. Snell
Co-Owner

By:


Betty G. Snell
Co-Owner

ORANGELAND WATER SUPPLY
 TEST YEAR ENDING 6/30/07
 MONTHLY WATER RATES

SCHEDULE NO. 4
 DOCKET NO. 070601-WU

	UTILITY'S EXISTING RATES	STIPULATED RATES	MONTHLY RATE REDUCTION
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Residential and General Service

Base Facility Charge by Meter Size:

5/8"x3/4"	\$5.00 *	\$14.86	\$0.16
3/4"	\$0.00	\$22.29	\$0.24
1"	\$0.00	\$37.15	\$0.40
1-1/2"	\$0.00	\$74.30	\$0.79
2"	\$0.00	\$118.88	\$1.26
3"	\$0.00	\$237.76	\$2.53
4"	\$0.00	\$371.50	\$3.95
6"	\$0.00	\$743.00	\$7.91

* Existing rates included 5,000 gallons in the Base Facility Charge.

Residential and General Service Gallonage Charge

Per 0 - 5,000 gallons	\$0.00	\$2.14	\$0.02
Per 1,000 gallons over 5,000	\$0.25	\$3.16	\$0.03

Typical Residential 5/8" x 3/4" Meter Bill Comparison

3,000 Gallons	\$5.00	\$21.28
5,000 Gallons	\$5.00	\$25.56
10,000 Gallons	\$6.25	\$41.36

Exhibit "A"

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BGA*

SCP