

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Settlement proposal for possible overearnings by Mid-County Services, Inc. in Pinellas County. || DOCKET NO. 100379-SU
ORDER NO. PSC-10-0680-PAA-SU
ISSUED: November 15, 2010

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
NATHAN A. SKOP
RONALD A. BRISÉ

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PROPOSED SETTLEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that 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.

Background

Utilities, Inc. (UI) is an Illinois corporation which owns approximately 75 subsidiaries throughout 15 states, including 14 water and wastewater utilities within the State of Florida. Mid-County Services, Inc. (Mid-County or Utility) is one of the aforementioned subsidiaries in Florida.

Rates were last established for this Utility in 2009.¹ On February 20, 2010, this Commission approved a 2009 index and pass-through rate adjustment which represented a \$26,582 revenue increase. Our staff's review of the 2009 Annual Report for Mid-County revealed possible overearnings of approximately 1.92 percent of total revenues. Subsequently, staff engaged in discussions with the Utility and the Office of the Public Counsel (OPC) regarding these possible overearnings. In a letter dated August 16, 2010, Mid-County proposed a settlement offer to address the possible overearnings. Mid-County proposed to withdraw its 2010 index application and refund and reduce the rates for the 2009 index. Further, any incremental 2009 overearnings above the amount of the 2009 index would also be refunded concurrent with the 2009 index refund. The Utility's letter dated August 16, 2010, proposing a

¹ See Order No. PSC-09-0373-PAA-SU, issued May 27, 2009, in Docket No. 080250-SU, In re: Application for increase in wastewater rates in Pinellas County by Mid-County Services, Inc.

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settlement is attached to this Order as Attachment A. We have jurisdiction pursuant to Sections 367.081, 367.082, and 367.121, Florida Statutes.

Settlement Offer

As stated above, upon review of the Utility's 2009 Annual Report, our staff discovered a possible overearnings situation. This amount represents possible overearnings because the annual report analysis is unaudited and the Utility's books and records have not been examined by staff auditors for the 2009 calendar year.

In its proposed settlement, the Utility agreed to withdraw its 2010 index application (submitted on May 20, 2010) and refund and reduce rates by the amount of the previously approved 2009 index. Further, any 2009 overearnings above the amount of the 2009 index would be refunded concurrent with the 2009 index refund. This settlement represents an across-the-board rate reduction of \$35,842 or 1.92 percent, as well as a refund of \$35,842.

Possible Overearnings	\$35,842
2009 Index Amount	<u>26,582</u>
Difference	<u>\$9,260</u>
Proposed Rate Reduction	<u>\$35,842</u> <u>(1.92%)</u>
Proposed Refund	<u>\$35,842</u>

We find that Mid-County's proposed settlement is a reasonable resolution because it will address the possible overearnings on a prospective basis. Further, we find that it is in the public interest for us to approve the settlement proposal because this settlement offer promotes administrative efficiency, avoiding the time and expense of a formal earnings investigation.

In keeping with our long-standing practice of encouraging parties to settle contested proceedings,² we approve the settlement proposal. Schedule No. 1 reflects the Commission-approved rates from the 2008 rate case, the rates from the 2009 index and pass-through rate adjustment, and the approved rates per the Utility's settlement proposal. Our staff will continue to monitor the earnings for the Utility, and if any subsequent overearnings are identified, our staff may open a formal earnings investigation.

The Utility shall file a proposed customer notice within 15 days of the Commission vote, which is consistent with 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), F.A.C., after

² See Order Nos. PSC-09-0711-AS-WS, issued October 26, 2009, in Docket No. 080249-WS, In re: Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.; PSC-08-0640-AS-WU, issued October 3, 2008, in Docket No. 070601-WU, In re: Application for staff-assisted rate case in Pasco County by Orangeland Water Supply; and PSC-07-0534-AS-WS, issued June 26, 2007, in Docket No. 060261-WS, In re: Application for increase in water and wastewater rates in Lake County by Utilities, Inc. of Pennbrooke.

staff has verified that the proposed customer notice is adequate and this notice has been provided to the customer. The Utility shall provide proof that the customers have received notice within 10 days after the date of the notice. The refunds shall be made in accordance with Rule 25-30.360, F.A.C., and shall be made with interest to all customers of record for calendar year 2009.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed settlement agreement of Mid-County Services, Inc., is approved as set forth in the body of this Order. It is further

ORDERED that pursuant to the settlement, Mid-County Services, Inc., shall make an across-the-board rate reduction of \$35,842 or 1.92 percent, as well as a refund of \$35,842, with appropriate interest. It is further

ORDERED that the refund shall be made to all customers of record for calendar year 2009, and shall be made in accordance with Rule 25-30.360, F.A.C. It is further

ORDERED that the Utility shall file a proposed customer notice by November 10, 2010, 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 (F.A.C.), after staff has verified that the proposed customer notice is adequate and this notice has been provided to the customer. 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 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, F.A.C., is received by the Office of Commission Clerk, 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 this docket shall remain open to allow our staff to verify completion of the refund and to verify that the revised tariff sheets and customer notice have been filed by the Utility and approved by our staff. It is further

ORDERED that once our staff has verified that the revised tariff sheets and customer notice have been filed, and the refunds have been made in accordance with Rule 25-30.360, F.A.C., the docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 15th day of November, 2010.

ANN COLE
Commission Clerk

By: 
Dorothy E. McMasco
Chief Deputy Commission Clerk

(S E A L)

RRJ

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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

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.

The action proposed herein 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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 6, 2010.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP

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Please Respond to the Longwood Office

August 16, 2010

E-FILING

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Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 100000-OT; Investigation into possible overearnings of Mid-County Services, Inc.
Our File No.: 30057.190

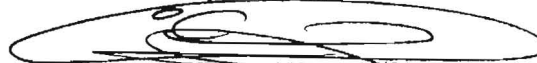
Dear Ms. Cole:

On June 30, 2010, Mid-County Services, Inc. (the "Utility"), the Office of Public Counsel and Staff of the Florida Public Service Commission held an informal meeting to discuss Mid-County Services, Inc. In light of these discussions, Staff has requested that the Utility file a proposal to settle the above-referenced matter.

To that end, the Utility would agree to withdraw its 2010 Index Application and refund and reduce the rates for the 2009 Index. Any 2009 overearnings above the amount of the 2009 Index refund would be refunded at the same time as the 2009 Index refund. The Utility would agree that the refund should be calculated based on the adjustments made in the last rate case (Docket No. 080250-SU). As such, the Utility would agree to a reduction in current rates by (1) the 2009 Index amount and (2) a further reduction by the amount of 2009 overearnings not alleviated by the 2009 Index reduction, net of Project Phoenix and relocation adjustments. This proposal would avoid the time and expense of multiple refunds and audits, and the customers would get an immediate benefit.

Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

Mid-County Services, Inc. Wastewater Bi-Monthly Service Rates Test Year Ended 12/31/09			Schedule No. 1 Docket No. 100379-SU
	Rates Approved In May 2009	2009 I & P/T 3/20/2010	Commission Approved Rates
<u>Residential</u>			
Base Facility Charge All Meter Sizes:	\$38.27	\$38.71	\$37.97
Gallage Charge per 1,000 gallons (20,000 gallon bi-monthly cap)	\$3.93	\$3.97	\$3.89
<u>General Service</u>			
Base Facility Charge by Meter Size:			
1"	\$98.20	\$99.32	\$97.42
1-1/2"	\$220.96	\$223.48	\$219.20
2"	\$392.82	\$397.29	\$389.68
2" (UI)	\$392.82	\$397.29	\$389.68
3"	\$884.09	\$894.16	\$877.02
4"	\$1,571.28	\$1,589.18	\$1,558.72
6"	\$3,535.87	\$3,576.15	\$3,507.62
Gallage Charge per 1,000 Gallons	\$4.72	\$4.77	\$4.68
<u>Multi-Residential - Metered</u>			
Base Facility Charge by Meter Size:			
Flat Rate	\$75.26	76.12	\$74.66
5/8" x 3/4"	\$38.27	\$38.71	\$37.97
1"	\$98.20	\$99.32	\$97.42
1-1/2"	\$220.96	\$223.48	\$219.20
2"	\$392.82	\$397.29	\$389.68
3"	\$884.09	\$894.16	\$877.02
4"	\$1,571.28	\$1,589.18	\$1,558.72
6"	\$3,535.87	\$3,576.15	\$3,507.62
Gallage Charge per 1,000 Gallons	\$5.66	\$5.72	\$5.61
<u>Typical Residential Bills 5/8" x 3/4" Meter</u>			
3,000 Gallons	\$50.06	\$50.62	\$49.64
5,000 Gallons	\$57.92	\$58.56	\$57.42
10,000 Gallons (Gallage Cap - 20,000 Gallons Bi-Monthly)	\$77.57	\$78.41	\$76.87