

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of MARTIN DOWNS)	DOCKET NO. 890799-WS
UTILITIES, INC. for increased water)	ORDER NO. 22406
and sewer rates in Martin County.)	ISSUED: 1-10-90
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER SUSPENDING PROPOSED RATE INCREASE,
 GRANTING INTERIM RATES, AND REQUIRING SECURITY
 FOR POTENTIAL REFUNDS

BY THE COMMISSION:

Martin Downs Utilities, Inc. (Martin Downs or utility) is a Class B utility providing service to approximately 2300 water and 1800 wastewater customers in Martin County. The utility is a C corporation, which is wholly-owned by the Southern Realty Group, Inc. The last rate case for this utility, Docket No. 840315-WS, was based on the projected test year ended September 30, 1986. That case culminated in the issuance of Order No. 17269, on March 10, 1987.

On November 1 1989, the utility filed its application for a rate increase and that date was established as the official date of filing. The test year for this docket is the historical twelve-month period ended May 31, 1989 for both interim and final rate determinations.

The utility's application requested final rates designed to generate annual revenues of \$776,574 for water service and \$640,058 for sewer service. Martin Downs also requested interim rates designed to generate \$718,567 for water and \$554,134 for sewer on an annual basis. The interim revenue request exceeds test year revenues by \$116,970 (19.44%) for the water system, and \$73,463 (15.28%) for the sewer system.

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SUSPENSION

The utility's application was filed pursuant to Sections 367.081 and 367.082, Florida Statutes. Paragraph (6) of Section 367.081, Florida Statutes, provides that the final rate schedules proposed by a utility shall become effective within sixty (60) days after filing of the petition for a rate increase unless the Commission issues an Order withholding consent to implement the proposed schedules.

We have considered the proposed rates, the amount of additional revenues sought thereunder, and the supporting data that has been submitted by the utility. Our review of the filing indicates that the utility has made substantial additions to plant since the last Commission audit. Thus, we find it is reasonable and necessary to require further amplification, explanation and, if necessary, cross-examination of the data filed by the utility prior to approving new final rates for the utility. Accordingly, we find that the final rate schedules proposed by the utility shall be suspended pending further action by this Commission.

INTERIM RATES

Section 367.082, Florida Statutes, cited previously herein, authorizes the Commission to permit utilities to collect interim revenues during the pendency of a rate case proceeding. As previously stated, Martin Downs' interim rate request is designed to generate water and sewer revenues of \$718,567 and \$554,134, respectively. Our review of the utility's application shows that the request is consistent with our determinations in the utility's last rate case and with Commission policy in general on interim rate determinations. We did, however, make one (1) adjustment to the utility's present application to include the annualized revenues on its residential one and one-half (1-1/2) inch meter size, resulting in an increase of \$1,832 in test year revenues. Accordingly, we find that the interim rates should be designed to allow the utility the opportunity to generate additional annual operating revenues of \$115,138 for water and \$73,463 for sewer. This results in a 19.08 percent increase in existing water rates, and a 15.28 percent increase in existing sewer rates.

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Upon due consideration, we find the following interim rates, which are designed to generate annual revenues of \$115,138 for water and \$73,463 for sewer, to be reasonable and are hereby approved. The utility's present, proposed, and approved interim rates are shown for comparison.

Interim Water Monthly Rates

Residential and General Service

	<u>Utility Present Rates</u>	<u>Utility Requested Interim Rates</u>	<u>Commission Approved Interim Rates</u>
<u>Residential</u>			
Base Facility Charge:			
Meter Size:			
5/8" x 3/4"	\$ 11.84	\$ 12.69	\$ 14.13
1"	29.85	31.73	35.63
1-1/2"	59.17	63.45	70.64
2"	94.67	101.52	113.02
Gallage Charge per 1,000 G.	1.82	2.50	2.17
<u>General Service</u>			
Base Facility Charge:			
Meter Size:			
5/8" x 3/4"	\$ 11.84	\$ 12.69	\$ 14.13
1"	29.85	31.73	35.63
1-1/2"	59.17	63.45	70.64
2"	94.67	101.52	113.02
3"	189.32	203.04	226.01
4"	295.81	317.25	353.14
6"	591.64	634.50	706.30
Gallage Charge per 1,000 G.	1.82	2.50	2.17

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Interim Sewer Monthly Rates
Residential and General Service

	<u>Utility Present Rates</u>	<u>Utility Requested Interim Rates</u>	<u>Commission Approved Interim Rates</u>
<u>Residential</u>			
Base Facility Charge:			
Meter Size:			
All Meter Sizes	\$ 11.83	\$ 13.61	\$ 13.66
Gallage Charge per 1,000 G. (maximum 10,000 G.)	2.43	2.82	2.81
<u>General Service</u>			
Base Facility Charge:			
Meter Size:			
5/8" x 3/4"	\$ 11.83	\$ 13.61	\$ 13.66
1"	29.60	34.03	34.18
1-1/2"	59.16	68.05	68.31
2"	94.66	108.88	109.30
3"	189.33	217.76	218.62
4"	295.82	340.25	341.58
6"	591.65	680.50	683.17
Gallage Charge per 1,000 G.	\$ 2.43	\$ 2.82	\$ 2.81

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These interim rates shall be collected subject to refund and shall be effective for meters read on or after thirty (30) days from the stamped approval date on the revised tariff sheets, subject to the utility providing the proper security for potential refunds as discussed below, and the utility notifying each customer of the rates authorized herein and explaining the reasons for said increases.

Security For Interim Rates

The increased revenues granted above shall be collected subject to refund, with interest calculated in accordance with Rule 25-30.360, Florida Administrative Code. As security for the potential refunds, and prior to the implementation of the interim rates, the utility shall provide a bond, letter of credit or escrow agreement in the amount of \$150,000 as guarantee for any potential refund of water and wastewater revenues collected under interim conditions.

Further, the utility shall provide a monthly report by the twentieth day of each month the interim rates are in effect. The report shall indicate the monthly revenues collected, the total collected to date under interim conditions, and what revenues would have been collected under the utility's last final rates, pursuant to Rule 25-30.360(6), Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed final rate schedules filed by Martin Downs Utilities, Inc., are hereby suspended. It is further

ORDERED that an interim increase in water and sewer rates is granted, subject to refund with interest, as set out in the body of this Order. It is further

ORDERED that the utility shall file revised tariff sheets in accordance with the provisions of this Order. It is further

ORDERED that the utility shall notify each customer of the rates authorized herein and explain the reasons for said increases. The notice shall be submitted to the Commission for prior approval. It is further

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ORDERED that the interim rates granted by this order shall become effective for meters read on or after thirty (30) days from the stamped approval date on the revised tariff sheets.

ORDERED that the utility shall provide a bond, letter of credit, or escrow agreement in the amount of \$150,000 prior to the implementation of the interim rates approved herein. It is further

ORDERED that the utility shall file a report no later than the twentieth day of each month the interim rates are in effect, showing the amount of revenue collected as a result of the interim rates, and the amount of revenue that would have been collected under the old rates. It is further

By ORDER of the Florida Public Service Commission,
this 10th day of JANUARY, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

JRF

by: Kay Dyer
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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

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preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.