

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of TOMOKA)	DOCKET NO. 881583-WU
WATER WORKS, INC. for staff-assisted)	ORDER NO. 22854
rate case in Volusia County.)	ISSUED: 4-24-90
)	

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

FINAL ORDER SETTING RATES

BY THE COMMISSION:

BACKGROUND

Tomoka Water Works, Inc. (Tomoka or Utility) filed an application for a staff-assisted rate case on December 19, 1988, with an official filing date of January 20, 1989. The test year was the projected twelve-month period ending December 31, 1989.

We approved rates and charges for Tomoka by Order No. 21674, issued August 3, 1989, subject to the Utility correcting certain deficiencies in its water system. No protests were received to the Order and so it became effective on August 28, 1989 as set forth in Consummating Order No. 21799.

RATES

In Order No. 21674, we determined that certain deficiencies existed in the quality of service being provided by the Utility; therefore, we directed the Utility to correct these deficiencies within 90 days of that Order. As we stated in the Order:

. . . if the utility fails to take the aforementioned corrective actions within ninety (90) days of the effective date of this Order,

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the utility shall be authorized to implement only one-half of the increase in its water rates approved herein until such time as the noted deficiencies are corrected.

Our staff conducted an inspection on December 7, 1989 to determine whether the Utility had taken the corrective action ordered by us in Order No. 21674. We are informed that, with the exception of the Utility's failure to seal an abandoned well and install an auxillary power capability, all deficiencies previously of concern to us had been corrected. At the April 3, 1990 agenda conference, the manager of the Utility informed us that the Utility's bank was willing to consider loaning the Utility the funds necessary to correct the remaining deficiencies, contingent upon the Utility improving its financial position.

Based on the above, we believe that Tomoka's bank would be more inclined to make the Utility a loan for system improvements if the bank could see the additional sums generated by a rate increase on deposit in a separate account.

Accordingly, we will authorize the Utility to implement the remainder of the rate increase approved by us in Order No. 21674, subject to the conditions discussed below. The approved rates, which we find to be fair, just and reasonable, and which are designed to achieve the authorized revenue requirement, are set forth below. The present monthly rates are shown for comparison.

Residential and General Service Water Rates

<u>Meter Size</u>	<u>Monthly Rates</u>	
	<u>Current Rates</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 3.14	\$ 3.47
1"	7.84	8.68
1-1/2"	15.68	17.35
2"	24.64	27.76
Gallonge Charge per 1,000 gallons	\$ 0.57	\$ 1.02

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The approved rates will be effective for meters read on or after thirty (30) days after the stamped approval date on the Utility's revised tariff sheets. The tariff sheets will be approved upon Staff's verification that the tariff revisions are consistent with our decisions herein and that the proposed customer notice is adequate.

To ensure that the Utility corrects the remaining deficiencies, we find that the Utility shall immediately establish an escrow bank account with an independent financial institution pursuant to a written agreement. The Utility shall deposit into such account all revenues collected as a result of the implementation of the remaining one-half of the previously-approved rate increase. Any withdrawals of funds from this escrow account are subject to the prior approval of this Commission through the Director of the Division of Records and Reporting. If, at the end of 180 days from the date that the approved rates are implemented, the Utility has not corrected the deficiencies noted herein, the funds held in escrow shall be refunded to its customers with interest.

Based on the above, it is therefore

ORDERED by the Florida Public Service Commission that Tomoka Water Works, Inc. is hereby authorized to implement the rates set forth in the body of this Order, subject to the conditions set forth herein. It is further

ORDERED that the Utility shall immediately file revised tariff sheets reflecting the rates approved herein. It is further

ORDERED that the approved rates will be effective for meters read on or after thirty (30) days from the stamped approval date on the Utility's revised tariff sheets. It is further

ORDERED that the Utility shall establish an escrow account as provided in the body of this Order and deposit into such account all revenues collected as a result of the implementation of the remainder of the rate increase approved by us in Order No. 21674. It is further

ORDERED that if the Utility has not corrected the deficiencies in its water system noted herein within 180 days of implementing the rates approved herein, the Utility shall

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refund all escrowed funds to its customers with interest. It is further

ORDERED that the Utility shall notify each customer of the increases authorized herein and explain the reasons for the increases. A letter of explanation shall be submitted to this Commission for prior approval. It is further

ORDERED by the Florida Public Service Commission this 24th day of APRIL, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

JRF

by: Kay Hizon
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 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 Records and Reporting 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 sewer utility by filing a notice of

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appeal with the Director, Division of Records and Reporting 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.