

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-)	DOCKET NO. 900688-WS
assisted rate case in Pasco County)	ORDER NO. 23884
by BETMAR UTILITIES, INC.)	ISSUED: 12-14-90
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The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER SETTING EMERGENCY RATES

BY THE COMMISSION:

CASE BACKGROUND

Betmar Utilities, Inc. (Betmar) is a Class C water and wastewater utility operating in Pasco County. It provides water service to 1,492 customers and wastewater service to 895 customers. As reported in its 1989 Annual Report, the utility's water revenues were \$121,366 and its operating expenses were \$115,144, resulting in net operating income of \$6,222. The utility's wastewater revenues were \$117,301 and its operating expenses were \$110,812, resulting in net operating income of \$6,489.

On August 10, 1990, Betmar filed an application for a staff assisted rate case. We accepted the application and established October 9, 1990 as the official filing date.

On October 27, 1990, the Department of Environmental Regulation (DER) entered a Final Order requiring Betmar to eliminate the unpermitted discharge of wastewater effluent. DER ordered the utility either to direct all effluent flow to a permitted treatment facility or expand its existing effluent disposal system. Based upon its analysis of the long term effect of the two options, Betmar chose to interconnect with Pasco County's treatment and disposal facilities.

The utility began pumping its effluent to the county facilities on December 1, 1990. Pasco County charges \$4.13 per 1,000 gallons for the treatment and disposal of effluent. Betmar

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currently charges its wastewater customers \$3.10 per 1,000 gallons. Because the utility's wastewater rates do not have an allowance for purchased wastewater treatment costs, Betmar requested emergency rate relief.

EMERGENCY RATES

It is not our usual practice to authorize emergency or interim rate relief in staff assisted rate cases. The basis for this policy is that generally we do not have the financial information necessary to calculate such rates. Additionally, small water and wastewater utilities have difficulty obtaining the financial security to guarantee a potential refund of emergency or interim rates. Nevertheless, we believe emergency rates are appropriate in this instance. We performed a detailed audit of the utility's records in 1988 and have monitored adjustments since that time. We have reviewed the utility's 1989 financial statements and believe that reliance may be placed on the data presented therein. Additionally, it appears that Betmar acted prudently in interconnecting with Pasco County's wastewater system. Finally, the utility's customers will be protected by the requirement that the emergency rates authorized here are subject to refund to the extent they exceed the final wastewater rates.

Our staff prepared preliminary water and wastewater rates for discussion at the customer meeting that will be held in this proceeding. The preliminary wastewater rates are based on decreased expenses as a result of retiring the treatment and disposal facilities and increased expenses as a result of purchasing wastewater treatment from Pasco County.

Based upon our review of the information discussed above, we find that it is appropriate to authorize emergency wastewater rates that allow the utility the opportunity to earn additional annual operating revenue of \$51,402 for its wastewater system. This results in an approximate 40 percent increase in existing wastewater rates. Our calculation of the revenue requirement is presented on Schedules Nos. 1WW, 2 and 3WW. The current and emergency rates, which we find to be fair, just and reasonable on an emergency basis, are presented on Schedule No. 4.

The amount by which the emergency wastewater rates exceed the utility's previously authorized rates shall be collected under guarantee, subject to refund with interest calculated pursuant to

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Rule 25-30.360(4), Florida Administrative Code. We calculate that a bond or letter of credit in the amount of \$22,000 is appropriate security for this purpose.

The utility shall keep an accurate account, in detail, of all monies received due to said increase, specifying by whom and on whose behalf such amounts were paid. It shall provide monthly reports which indicate the revenue collected and the amount subject to refund.

The emergency rates shall become effective for meter readings on or after thirty days from the stamped approval date of the revised tariff sheets. The tariff sheets will be approved following receipt of evidence of adequate security, verification that the tariff sheets are consistent with this Order, and approval of the customer notice.

Based on the foregoing, its is

ORDERED by the Florida Public Service Commission that the request of Betmar Utilities, Inc. for an emergency increase in wastewater rates is hereby approved as set forth in the body of this Order. It is further

ORDERED that all matters contained in Schedules 1 through 4 attached to this Order, are by this reference, specifically made integral parts of this Order. It is further

ORDERED that the increased wastewater rates approved herein are subject to refund with interest pending the outcome of this proceeding. It is further

ORDERED that Betmar Utilities, Inc. shall submit a bond or letter of credit in the amount of \$22,000 to secure any potential refund. It is further

ORDERED that Betmar Utilities, Inc. shall submit, pursuant to Rule 25-30.360(7), Florida Administrative Code, a report by the 20th day of each month indicating the revenues collected subject to refund. It is further

ORDERED that Betmar Utilities, Inc. shall file revised tariff pages in accordance with the provisions of this Order, as well as a proposed notice to customers, detailing the increased wastewater

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rates and the reasons therefor. The notice shall be submitted to the Commission for prior approval. It is further

ORDERED that the emergency wastewater rates shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. It is further

ORDERED that the revised tariff sheets will be approved upon Commission staff's verification that the tariff sheets are consistent with this decision, the appropriate security has been filed to guarantee any potential refund and the proposed customer notice is adequate.

By ORDER of the Florida Public Service Commission this 14th
day of DECEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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 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.

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BETMAR UTILITIES, INC.
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 PROJECTED TEST YEAR ENDING
 DECEMBER 31, 1991
 RATE BASE - WASTEWATER
 SCHEDULE NO. 1W

	TOTAL PER UTILITY 12/31/89	COMMISSION ADJUSTMENTS	PROJECTED AVERAGE BALANCE PER COMMISSION 1991
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DEPRECIABLE PLANT IN SERVICE	\$587,315.00	A (\$138,820.15)	\$448,494.85
LAND	\$5,781.00	B (\$2,321.00)	\$3,460.00
ACCUMULATED DEPRECIATION AND AMORTIZATION OF PLANT IN SERVICE	(\$200,986.00)	C \$68,302.24	(\$132,683.76)
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(\$382,326.00)	D \$42,876.50	(\$339,449.50)
ACCUMULATED AMORTIZATION OF CIAC	\$163,467.00	E (\$25,705.23)	\$137,761.77
WORKING CAPITAL ALLOWANCE	\$0.00	F \$19,121.63	\$19,121.63
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	\$173,251.00	(\$36,546.01)	\$136,704.99
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BETMAR UTILITIES, INC.
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 PROJECTED TEST YEAR ENDING
 DECEMBER 31, 1991
 COST OF CAPITAL/RATE OF RETURN
 SCHEDULE NO. 2

	TOTAL PER UTILITY 12/31/89	COMMISSION ADJUSTMENTS AND RECONCILING ADJUSTMENTS	PROJECTED AVERAGE TOTAL PER COMMISSION 1991	RATIO	COST	WEIGHTED AVERAGE COST
COMMON STOCK	(\$5,000.00)	\$941.82	(\$4,058.18)	0.0108	0.1160	0.0013
OTHER PAID IN CAPITAL	(\$295,754.00)	\$55,709.31	(\$240,044.69)	0.6416	0.1160	0.0744
RETAINED EARNINGS	(\$328.00)	\$61.78	(\$266.22)	0.0007	0.1160	0.0001
LONG-TERM DEBT	(\$153,312.00)	\$28,878.41	(\$124,433.59)	0.3326	0.1200	0.0399
DEFERRED TAXES	(\$5,103.00)	\$961.22	(\$4,141.78)	0.0111	0.0000	0.0000
CUSTOMER DEPOSITS	(\$1,500.00)	\$282.55	(\$1,217.45)	0.0033	0.0800	0.0003
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COST OF CAPITAL/OVERALL RATE OF RETURN	(\$460,997.00)	\$86,835.08	(\$374,161.92)	1.0000		0.1159
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BETMAR UTILITIES, INC.
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PROJECTED TEST YEAR ENDING
DECEMBER 31, 1991
NET OPERATING INCOME - WASTEWATER
SCHEDULE NO. 3W

	TOTAL PER UTILITY 12/31/89		COMMISSION ADJUSTMENTS	PROJECTED AVERAGE PER COMMISSION 1991		COMMISSION ADJUSTMENTS FOR INCREASE	COMMISSION RECOMMENDED BALANCE FOR SETTING RATES
OPERATING REVENUES	(\$116,910.17)	A	(\$33,476.40)	(\$150,386.57)	J	(\$60,310.29)	(\$210,696.86)
OPERATION AND MAINTENANCE EXPENSES	\$91,156.26	B	\$61,816.77	\$152,973.03		\$0.00	\$152,973.03
DEPRECIATION AND AMORTIZATION EXPENSE	\$24,363.00	C	(\$10,183.12)	\$14,179.88		\$0.00	\$14,179.88
AMORTIZATION OF CIAC	(\$14,949.00)	D	\$4,315.09	(\$10,633.91)		\$0.00	(\$10,633.91)
AMORTIZATION OF ACQUISITION ADJUSTMENT	\$1,513.00	E	(\$1,513.00)	\$0.00		\$0.00	\$0.00
TAXES OTHER THAN INCOME TAXES	\$7,470.00	F	\$8,821.64	\$16,291.64	K	\$2,713.96	\$19,005.60
GAIN ON DISPOSITION OF UTILITY PROPERTY	(\$390.83)	G	\$0.00	(\$390.83)		\$0.00	(\$390.83)
LOSS ON DISPOSITION OF UTILITY PROPERTY	\$0.00	H	\$18,457.00	\$18,457.00		\$0.00	\$18,457.00
INCOME TAXES	\$1,258.00	I	\$0.00	\$1,258.00		\$0.00	\$1,258.00
TOTAL OPERATING EXPENSES	\$110,420.43		\$81,714.38	\$192,134.81		\$2,713.96	\$194,848.77
NET OPERATING (INCOME) LOSS	(\$6,489.74)		\$48,237.98	\$41,748.24		(\$57,596.33)	(\$15,848.08)
RATE BASE	\$173,251.00			\$136,704.99			\$136,704.99
RETURN ON INVESTMENT/COST OF CAPITAL	0.0375			-0.3054			0.1159

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SCHEDULE NO. 4

SCHEDULE OF CURRENT AND EMERGENCY RATES

WASTEWATER

MONTHLY

<u>RESIDENTIAL SERVICE</u>	<u>CURRENT</u>	<u>EMERGENCY</u>
<u>Base Facility Charge</u>		
All meter sizes	\$ 5.14	\$ 7.05
<u>Gallorage Charge</u>		
Per 1000 gallons (maximum of 6000 gallons)	\$ 3.24	\$ 4.29
<u>GENERAL SERVICE</u>		
<u>Base Facility Charge</u>		
<u>Meter Size</u>		
5/8" x 3/4"	\$ 5.14	\$ 7.05
Full 3/4"	7.71	10.58
1"	12.85	17.63
1-1/2"	25.70	35.25
2"	41.13	56.40
3"	82.25	112.80
4"	128.52	176.25
<u>Gallorage Charge</u>		
Per 1000 gallons (no limit)	\$ 3.89	\$ 5.14