

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for emergency)
 proceeding rate increase in Pasco)
 County by P.P.W. Sewer Company, Inc.)

DOCKET NO. 900988-SU
 ORDER NO. 24137
 ISSUED: 2/19/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 BETTY EASLEY
 FRANK S. MESSERSMITH
 MICHAEL MCK. WILSON

ORDER SUSPENDING PROPOSED RATES

BY THE COMMISSION:

BACKGROUND

PPW Sewer Company, Inc. (PPW or the utility) is a Class C wastewater utility operating in Pasco County. Based on the 1989 Annual Report on file with the Commission, annual revenue for 1989 was \$56,006 for the wastewater system. Net operating income was reported as \$6,328 for the wastewater system. The utility has approximately 720 wastewater customers.

The wastewater system is under a Consent Order for repeated violations. Under the Consent Order, PPW is required to abandon its treatment plant and interconnect the collection system to Pasco County. The Order has a December 31, 1990, deadline for completion of the required interconnection. However, unavoidable delays have pushed the actual completion date to March 1, 1991.

The facilities have been owned and operated by various developers since they were installed in the 1970's. To remedy this situation, the PPW wastewater facilities have been sold to Utilities, Inc, of Florida (Utilities, Inc.). The transfer application was filed by Utilities Inc. on November 19, 1990 on behalf of PPW and approval of the sale is pending before the Commission in Docket No.900928-WS. In addition, PPW has entered into a contract with Pasco County whereby PPW will collect sewage and then transfer the sewage to Pasco County for treatment and disposal. On December 17, 1990, Utilities, Inc. filed this limited proceeding for a rate increase on behalf of PPW to compensate for the increased costs incurred as a result of the interconnection. The bulk rate imposed by Pasco County is \$4.25 per 1,000 gallons of sewage. Utilities, Inc. has also filed for test year approval

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for a rate case on behalf of PPW . That application is being processed in Docket No. 910020-WS.

The utility has not previously had a rate case before this Commission. The utility's rates were last adjusted by Order No. 14158, issued on March 12, 1985. The rate was established as a result of the 1984 price index rate adjustment. In an effort to gain timely approval of the limited proceeding rates, the utility is willing to collect the proposed rates subject to refund. The utility estimates that the interconnection will require a capital expenditure of approximately \$200,000. In addition, Utilities, Inc. appears to believe that operation under their ownership will result in cost increases. The utility has not requested consideration of either the large capital expenditure nor the increased operating costs in the limited proceeding. The utility proposes that these costs be addressed in the general rate increase that it states will be filed in the near future.

Section 367.091(5), Florida Statutes, provides that the rate schedules proposed by the utility shall become effective within sixty (60) days after filing unless the Commission issues an order withholding consent to the operation of the proposed rates requested. Further, the above-referenced statutes permits the proposed rates to go into effect, under bond, eight (8) months after filing unless final action has been taken by the Commission

SUSPENSION

We have reviewed the filing and found that the utility has failed to file some of the necessary data with which to process the case. In addition, several areas of concern connected with the interconnection have not been addressed at all. We are unable to determine, from the filing or the utility's 1989 annual report, which operation and maintenance expenses for treatment and disposal currently incurred by the utility will be eliminated due to the interconnection with the County. In addition, the utility is proposing a change in the rate structure, which would generally not be allowed since the utility is filing a rate case and the rate structure would be addressed there. The utility has not filed any historical usage data to support the estimated purchase sewage treatment costs, or to justify the allocation to the different rate structure components. While the utility did not ask for recovery of the interconnection costs, we have not been able to verify the interconnection costs and the cost of plant to be retired from the

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filing. In addition, the abandonment loss and resulting depreciation and amortization cannot be determined. We have considered the proposed rates, the amount of the additional revenues sought thereunder and the supporting data which has been submitted. Accordingly, we find it is reasonable and necessary to require further amplification and explanation of the data filed by the utility.

In consideration of the above, we find it appropriate to suspend the utility's proposed rate schedules.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed rate schedules filed by Utilities, Inc. on behalf of PPW Sewer Company, Inc. are hereby suspended.

By ORDER of the Florida Public Service Commission this 19th
day of FEBRUARY, 1991.



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 wastewater 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.