

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation Into ) DOCKET NO. 930084-WU  
Potential Overearnings of ) ORDER NO. PSC-93-0647-FOF-WU  
COUNTY-WIDE UTILITY COMPANY in ) ISSUED: April 27, 1993  
Marion County. )  
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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
THOMAS M. BEARD  
JULIA L. JOHNSON  
LUIS J. LAUREDO

ORDER DENYING PETITION FOR RECONSIDERATION

BY THE COMMISSION:

Background

County-Wide Utility Company (County-Wide or utility) is a Class C water utility located in Marion County, Florida. Certificate No. 390-W was issued to County-Wide on January 18, 1984. During the 1991 calendar year, the utility served 308 water customers.

By Order No. PSC-93-0282-FOF-WU, issued February 23, 1993, the Commission initiated an investigation of possible overearnings and held revenues of \$3,538 subject to refund. By the same Order, the Commission authorized County-Wide to continue charging its existing rates pending the outcome of the investigation, but the rates were subject to refund with interest. In addition, the Commission required County-Wide to file, within thirty days of the Order, security for a potential refund in the form of a bond or letter of credit in the amount of \$3,538 or an escrow account.

By letter received March 1, 1993, Dirk Leeward, President of County-Wide Utility Company, asked the Commission to reconsider Order No. PSC-93-0282-FOF-WU. This Order addresses County-Wide's request for reconsideration.

Request for Reconsideration

In its Request for Reconsideration, County-Wide requested that the Commission forego the investigation because "it is clear that County-Wide is in poor financial condition." The utility states

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that if the Commission goes forward with the investigation, the utility will be forced to hire an attorney and an accounting consultant. If the fees of the attorney and accountant are amortized over four years, the resulting revenue impact is greater than the amount held subject to refund. The utility also states that the customers will not benefit from an investigation. Further, the utility asserts that an investigation will interfere with the utility's attempts to obtain financing.

Included in the letter requesting reconsideration, the utility has set forth various amounts of expenses for the year ended 1991 that were not included in its 1991 annual report filed with this Commission. The letter is attached to this Order as Attachment A.

We find that it is appropriate to deny the utility's request for reconsideration. The purpose of a request for reconsideration is to bring to the Commission's attention "some point which it overlooked or failed to consider when it rendered its order in the first instance." Diamond Cab Co. of Miami v. King, 146 So. 2d 889, 891 (Fla. 1962). In this instance, the Commission has not overlooked or failed to consider any contention raised by the utility. Although the utility now contends that the expenses recorded on its 1991 annual report are too low, this cannot be verified without further investigation. The purpose of the investigation is to determine whether an overearnings situation does in fact exist. An audit will reveal all of the essential facts needed to proceed with this docket.

Based on the desk audit of County-Wide's 1991 annual report, it appears that County-Wide is earning an overall rate of return of 43.13 percent, a rate of return exceeding that which the Commission authorized County-Wide to earn in Order No. 12899, issued January 18, 1984.

By Order No. 12899, the Commission authorized a rate of return of 11.56 percent. Based on the utility's 1991 annual report, the current capital structure is 100 percent debt at a cost of 7 percent. Therefore, the utility's required rate of return is 7 percent. Based on this analysis, it appears that the utility is overearning by 36.13 percent.

The test year for the investigation shall be based on the most recent 12-month period. Based on the 1991 annual report, the utility recorded operating revenues of \$44,604 and operating expenses of \$39,633, resulting in operating income of \$4,971 for

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the calendar year. We have calculated potential overearnings in the amount of \$4,361 on an annual basis. The revenues placed subject to refund of \$3,538 represent eight months of the revenues. Eight months is the estimated time period to complete the investigation.

In consideration of the foregoing, County-Wide's Request for Reconsideration is denied. This docket shall remain open until the investigation of County-Wide Utility Company for possible overearnings is completed and a final order is issued.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that County-Wide Utility Company's Request for Reconsideration is denied.

By ORDER of the Florida Public Service Commission this 27th day of April, 1993.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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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 the Commission's final action in this matter may request 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 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 Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.