

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate) DOCKET NO. 930826-WS
increase in Marion and Pinellas) ORDER NO. PSC-94-1186-S-WS
Counties by UTILITIES, INC. OF) ISSUED: September 28, 1994
FLORIDA.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING STIPULATION

BY THE COMMISSION:

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to systems in the following counties: Marion, Orange, Pasco, Pinellas and Seminole. Two systems are involved in this application: Lake Tarpon Mobile Home Park in Pinellas County and Golden Hills in Marion County. The Lake Tarpon system serves 547 water customers. The Golden Hills system provides 338 customers with water and 69 customers with wastewater service.

On November 5, 1993, UIF filed an application for approval of interim and final rates, pursuant to Sections 367.081 and 367.082, Florida Statutes. The utility filed additional information on December 22, 1993, which satisfied the Commission's filing requirements and this date has been established as the official date of filing. The utility requested that the Commission handle its request as Proposed Agency Action.

The last general rate increase granted by the Commission for these systems was in 1989 (Order No. 21554 issued July 17, 1989 for Golden Hills and Order No. 22160 issued November 7, 1989 for Lake Tarpon). Index and pass-through increases were last granted in August, 1993. The utility's test year is calendar year 1992. In 1992, the utility recorded total revenues for these systems of \$153,372, with \$56,947 provided from the Lake Tarpon system and \$96,245 from the Golden Hills system (\$72,086 in water revenue and \$24,339 in wastewater revenue). We approved interim rates for both systems in Order No. PSC-94-0250-POF-WS, issued March 7, 1994.

DOCUMENT NUMBER-DATE

09931 SEP 28 94

FPSC-RECORDS/REPORTING

On June 16, 1994, we issued a Notice of Proposed Agency Action Order Granting Final Rates and Charges (Order No. PSC-94-0739-FOF-WS). That Order reviewed the quality of service, rate base, cost of capital, net operating income, revenue requirement, rates and charges, and the books and records of the Marion and Pinellas Systems and established final rates and charges. The Order stated that all provisions would become final and the docket closed unless an appropriate petition is filed, and upon our staff's verification of the refund, proof of notice to the customers, and revised tariff sheets. On June 22, 1994, we issued an Amendatory Order No. PSC-94-0739A-FOF-WS, which corrected the amount of refund for Pinellas County and corrected an error in the date listed for filing a protest. The deadline for filing a protest to the Order was established as July 13, 1994.

On July 11, 1994, Charles Murray filed a timely protest to Order No. PSC-94-0739-FOF-WS on behalf of the Golden Hills Property Owners Association, Inc. (Association). Mr. Murray, a customer of the Marion County water system, raised issues in his petition concerning the utility's rate base, capital structure, operating revenues, quality of service, and rates. The Commission did not receive a protest from a customer of the Pinellas County system or any other substantially affected party.

On July 18, 1994, UIF filed a Motion to Confirm as Final Portions of Order No. PSC-94-0739-FOF-WS. UIF requested approval to implement final rates for the Pinellas County system and the Marion County wastewater system, on the grounds that because the protest addressed only the Marion County water system, the findings of the PAA order which addressed the other systems should be finalized. On July 18, 1994, UIF also filed a Notice of Intent to Implement Increased Rates and Charges in Marion County, along with revised tariff sheets, a proposed customer notice, and corporate undertakings of UIF and its parent, Utilities, Inc. UIF requested acknowledgement of its intention to implement the PAA rates for the Marion County water system, pursuant to Section 367.081(8).

At our August 16, 1994, Agenda Conference, we approved UIF's request to finalize the portions of Order No. PSC-94-0739-FOF-WS which addressed the Pinellas County water and Marion County wastewater systems. At that Agenda Conference, we also acknowledged that because of a forthcoming stipulation between UIF, the Office of Public Counsel, and the association which would resolve the protest to the Marion County water system rates, UIF may implement the stipulated rates instead of the PAA rates. We ordered that if the stipulation was executed, the stipulated rates and charges could be put into effect on an interim basis subject to refund. See Order No. PSC-94-1104-FOF-WS.

On August 22, 1994, the parties submitted a stipulation signed by all parties. The stipulation is appended to this Order as Attachment A, and is incorporated herein by reference.

The stipulation proposes to settle the protest to Order No. PSC-94-0739-FOF-WS. The parties have agreed that their best interests would be better served by resolving the issues regarding the Marion County water rates rather than engaging in further costly proceedings. The rates set forth in exhibit A of the stipulation are the same rates originally proposed in Order No. PSC-94-0739-FOF-WS, except the parties have agreed that the charge per 1,000 gallons should be reduced from \$2.38 to \$2.14. Since the stipulated reduction in the gallonage charge is greater than the rate case expense amortization included in that rate, the parties have also agreed there shall be no further reduction in the gallonage charge at the end of four years. Although paragraph 6 of the stipulation stated that UIF may implement the stipulated rates after August 16, 1994, the parties informed us at our August 30, 1994, Agenda conference that the rates were actually placed into effect on August 22, the date the stipulation was executed.

The stipulation also states that UIF will not file an application for a general rate increase for its Marion County water operations prior to June 30, 1997. However, this does not prevent the utility from filing for any pass-through or price index adjustments. Further, the stipulation states that no refund of interim or PAA rates shall be required of the utility for the Marion County Water System. This is due to the fact that the PAA rates have not been implemented by the utility and no funds have been collected in excess of the stipulated rates.

We have reviewed the stipulation and its contents and found it to be fair and equitable to all of the parties involved. Therefore, we find it appropriate to approve the stipulation and adopt its terms as the final disposition of this docket.

Pursuant to Section 367.081(8), Florida Statutes, the excess of interim rates over previously authorized rates shall be collected under guarantee subject to refund with interest. UIF requested and received approval in Order No. PSC-94-1104-FOF-WS to provide a corporate undertaking to guarantee the potential refund of the PAA rates pending the outcome of this proceeding. However, since the utility has not put these rates into effect, no funds have been collected in excess of the rates contained in the stipulation. Therefore, because there is no longer a need for a refund, the corporate undertaking may be released.

Based on the foregoing, it is, therefore,

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ORDERED by the Florida Public Service Commission that the stipulation between the parties resolving the protest to Order No. PSC-94-0739-FOF-WS, attached hereto as Attachment A, and by reference incorporated herein, is hereby approved. It is further

ORDERED that the corporate undertaking authorized by Order No. PSC-94-1104-FOF-WS may be released. It is further

ORDERED that this docket is hereby closed.

By ORDER of the Florida Public Service Commission, this 28th day of September, 1994.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay DeLeon
Chief, Bureau of Records

(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: 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 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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a Rate) Docket No. 930826-WS
Increase in Marion and Pinellas)
Counties by UTILITIES, INC. OF)
FLORIDA) Filed: August 22, 1994
_____)

STIPULATION

Utilities, Inc. of Florida ("UIF" or "the Utility"), the Citizens of the State of Florida represented by the Office of Public Counsel ("OPC"), and the Golden Hills Property Owners Association, Inc. ("Homeowners"), collectively "the parties," file their Stipulation for settlement of UIF's request for a general water rate increase in Marion County and say:

1. Background. UIF has filed a petition for general rate increase for water and wastewater rates in Marion County. On June 16, 1994, the Commission issued its Proposed Agency Action Order No. PSC-94-0739-FOF-WS granting UIF a portion of the requested increase. That order was amended by Order No. PSC-94-0739A-FOF-WS issued on June 22, 1994. On July 12, 1994, the Homeowners protested the portions of these orders that relate to Marion County water operations. No party protested the Marion County wastewater rates nor the Pinellas County water rates, and those rates are not at issue between the parties and are not covered by this Stipulation. The parties believe that their respective best interests would be better served by resolving the issues regarding the Marion County water rates through this Stipulation, rather than engaging in further costly proceedings.

2. Marion County Water Rates. The parties agree that the water rates shall be as set forth on Exhibit A. These are the same rates proposed by the Commission in the PAA order, except that the charge per 1,000 gallons of water usage has been reduced from \$2.38 to \$2.14. Since the stipulated reduction in the gallonage charge is greater than the rate case expense amortization included in that rate, there shall be no further reduction in the gallonage charge at the end of four years.

3. Cost of Equity. The parties agree that UIF's authorized rate of return on equity shall be 10.64%, with a range of 9.64% to 11.64%, based on the current leverage formula. This is the same cost of equity proposed by the Commission in the PAA order. The parties recognize that the rates stipulated to herein will not allow UIF the opportunity to achieve its 10.64% authorized return on equity.

4. Future Rate Requests. UIF will not file an application for a general rate increase for its Marion County water operations prior to June 30, 1997. This does not prevent UIF from filing for any pass-through or price index adjustment.

5. No Refund. No refund of interim rates shall be required.

6. Effective Date and Notice. UIF may implement the revised rates for service provided on and after August 16, 1994, and bills covering service before and after that date may be prorated. The previously approved interim rates shall remain in

effect until that date. The notice of the revised rates may be included with the first bills based on the new rates.

7. Effect of Stipulation. (a) This Stipulation shall be effective upon Commission approval on or before August 30, 1994. In the event that the Commission fails to act by that date, or rejects or modifies this Stipulation in whole or in part, the parties agree that this Stipulation is void and that each party may pursue its interests as those interests exist, and that no party will be bound by this Stipulation or will make reference to this Stipulation, or any provision thereof, in further proceedings before the Commission or any Court.

(b) The parties agree to use their best efforts to obtain approval of this Stipulation by the Commission on or before August 30, 1994. No party shall unilaterally recommend or support the modification of this Stipulation or discourage its acceptance by the Commission.

(c) No party shall request reconsideration of, or appeal, the order that approves this Stipulation.

(d) Except as specifically set forth in Paragraph 3, the parties have not agreed to the ratemaking treatment of any item, or the resolution of any ratemaking issue, for purposes of this settlement, but have only agreed to specific rates that reflect a compromise of the parties' positions.

(SIGNATURES ON FOLLOWING PAGE)

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UTILITIES, INC. OF FLORIDA

Date: 8/16/94

By: Richard D. Melson
Richard D. Melson
Its Attorney

OFFICE OF THE PUBLIC COUNSEL

Date: 7/21/94

By: Jack Shreve
Jack Shreve
Public Counsel

GOLDEN HILLS PROPERTY OWNERS
ASSOCIATION, INC.

Date: 8/21/94

By: Wilson W. Meunier
Name: WILSON W. MEUNIER
Title: PRESIDENT

Date: 8/21/94

By: Charles K. Murray
NAME CHARLES K. MURRAY
TITLE: CHAIR OF UTILITY
COMMITTEE

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EXHIBIT A TO STIPULATION

WATER RATE SCHEDULE
Bi-Monthly Rates

Residential, Multi-Family, and General Service

Base Facility Charge:

Meter Size:	
5/8" x 3/4"	\$ 8.04
1"	20.10
1-1/2"	40.20
2"	64.32
3"	128.64
4"	201.00
6"	402.00
Gallage Charge, per 1,000 Gallons	\$ 2.14