



# Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: May 13, 1998  
 TO: CHAIRMAN JOHNSON  
 FROM: CHARLES H. HILL, DIRECTOR, DIVISION OF WATER AND WASTEWATER *CHH/CP*  
 LILA JABER, DIVISION OF LEGAL SERVICES *LJ*  
 RE: DOCKET NO. 980644-SU, APPLICATION OF CROOKED LAKE PARK SEWERAGE COMPANY, INC. FOR AN INCREASE IN WASTEWATER RATES IN POLK COUNTY - TEST YEAR APPROVAL

By letter dated May 1, 1998, Crooked Lake Park Sewerage Company, Inc. (CLPSC) has requested approval to use a projected test year ended December 31, 1999. The filing will utilize a base year ended December 31, 1997 and an intermediate year ended December 31, 1998. The company has indicated that it will also be requesting an interim increase using the base year ended December 31, 1997.

This utility is a Class C with annual revenues of \$63,000 for the year ended December 31, 1997. The company is eligible for a staff assisted rate case pursuant to Section 367.0814, Florida Statutes. Staff has informed the utility and its consultants of the eligibility for staff assistance and the probability that rate case expense will be denied in the current case if it elects to file minimum filing requirements. The company and its consultants understand the rate case expense issue but still desire to file minimum filing requirements.

CLPSC states the major reason for the rate increase is the need to correct infiltration and inflow problems and percolation pond problems. The utility's engineer has estimated the capital improvements to be \$126,000. The plant improvements will be completed before the end of the projected test year. The utility's last rate case was in 1984 while under Polk County's jurisdiction.

Staff believes, given the circumstances, that the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for the calendar years 1996 through 1997. Based on our review, we believe that the requested test year should be approved. Receipt of the application by September 11, 1998, will be acceptable.

The test year letter filename is I:\PSC\WAW\WP\CLPSC.MWW

- c: Dr. Mary Bane, Deputy Executive Director/Technical
- Division of Water and Wastewater (Willis, Crouch, Rendell)
- Division of Legal Services (Jaber)
- Division of Records and Reporting
- Blanca Bayo

ACK \_\_\_\_\_  
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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

STATE OF FLORIDA

JULIA L. JOHNSON  
CHAIRMAN



CAPITAL CIRCLE OFFICE CENTER  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0854  
(850) 413-6044

## Public Service Commission

May 13, 1998

Mr. Daniel W. Hartman  
Oertel, Hoffman, Fernandez & Cole, P.A.  
P.O. Box 1110  
Tallahassee, Florida 32302-1110

**Re: Docket No. 980644-SU, Application of Crooked Lake Park Sewerage Company, Inc. For Increased Wastewater Rates in Polk County - Test Year Approval**

Dear Mr. Hartman:

We have received your letter dated May 1, 1998, requesting approval to use a projected test year ended December 31, 1999, utilizing an intermediate test year ended December 31, 1998 and a base year ended December 31, 1997. The letter also indicates that you wish to use the base year as a test year for interim rate purposes. Your test year request as outlined above is hereby approved. You should be aware that prefiled direct testimony must be filed with the minimum filing requirements if you do not elect to request the proposed agency action process.

You should also be aware that this utility is eligible for staff assistance pursuant to Section 367.0814, Florida Statutes. I understand that staff has already informed you that rate case expense will be an issue in this forthcoming case. You have also been made aware that rate case expense has been disallowed in prior cases when a utility filed minimum filing requirements when eligible for a staff assisted rate case.

For administrative purposes only, Docket No. 980644-SU has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of Records and Reporting receives the complete petition, revised tariff sheets, the minimum filing requirements, testimony (if not requesting Proposed Agency Action) and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than September 11, 1998. Because of the difficulty in scheduling hearing dates it is not anticipated that an extension of this filing date will be granted.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case

Mr. Daniel W. Hartman  
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application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, information not filed with the original application may not be considered. Lastly, the utility should be prepared to justify all increased operation and maintenance expenses, particularly those in excess of customer growth and inflation from five years prior to the historic test year.

Sincerely,

Julia L. Johnson  
Chairman

JLJ/MWW

cc: Commissioners  
Mr. Talbott  
Dr. Bane  
Blanca Bayo  
Division of Records and Reporting  
Division of Legal Services (Jaber)  
Division of Water and Wastewater (Willis)  
Jack Shreve, Office of Public Counsel