

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

DATE: SEPTEMBER 23, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF WATER AND WASTEWATER (BINEFORD, KYLE) *CB*
DIVISION OF LEGAL SERVICES (JAEGER) *JA* *WOM* *amy*

RE: DOCKET NO. 990535-WU - REQUEST FOR APPROVAL OF INCREASE IN WATER RATES IN NASSAU COUNTY BY FLORIDA PUBLIC UTILITIES COMPANY (FERNANDINA BEACH SYSTEM).
COUNTY: NASSAU

AGENDA: 10/05/99 - REGULAR AGENDA - DECISION ON SUSPENSION OF RATES - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 10/06/99

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: I:\990535WU.SUS

CASE BACKGROUND

Florida Public Utilities Company (FPUC or utility) provides electric, gas and water service to various areas in Florida. The Fernandina Beach division in Nassau County, furnished electricity and water service to approximately 12,500 electric customers and 6,400 water customers as of December 31, 1998. In its 1998 annual report, the utility recorded operating revenues of \$2,160,904 for its water service and a net operating income of \$442,115. The Fernandina Beach division is the sole division within the company providing water service. Water rates were last established for this utility in Order No. 17444, issued on April 20, 1987, in Docket No. 860662-WU.

On July 19, 1999, FPUC filed this Application for Rate Increase in Nassau County. Staff found several deficiencies in the Minimum Filing Requirements. These deficiencies were corrected, and August 6, 1999 was established as the official filing date.

DOCUMENT NUMBER-DATE

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The utility requested that this application be processed using the Commission's Proposed Agency Action (PAA) procedure, and did not request interim rates. The utility's rate case is based on the projected test year ending December 31, 2000 with an historical base year of December 31, 1998.

The sixty day statutory deadline for the Commission to suspend the utility's requested rates requested is October 6, 1999. This recommendation addresses the suspension of FPUC's requested rates.

DISCUSSION OF ISSUES

ISSUE 1: Should the utility's proposed rates be suspended?

RECOMMENDATION: Yes. FPUC's proposed water rates should be suspended. (BINFORD)

STAFF ANALYSIS: Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty (60) days after filing unless the Commission votes to withhold consent to implementation of the requested rates. Further, Section 367.081(8), Florida Statutes, states that the utility may implement its requested rates (under bond and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase or (2) if the Commission's PAA action is protested by a party other than the utility.

Staff has reviewed the filing and has considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff believes it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. Based on the above, staff recommends that the utility's proposed final rates be suspended.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. The docket should remain open pending the Commission's final action on the utility's requested rate increase.
(JAEGER)

STAFF ANALYSIS: The docket should remain open pending the Commission's final action on the utility's requested rate increase.