



Public Service Commission

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

DATE: February 9, 2000

TO: Dr. Mary Bane, Deputy Executive Director, Technical Division

FROM: Jason K. Fudge, Division of Legal Services *of RJ*
 Marshall Willis, Division of Water and Wastewater *W* *md*

RE: Request for Deferral of Item #28, Docket No. 951056-WS - Application for rate increase in Flagler County by Palm Coast Utility Corporation.

Attached is the request of Palm Coast Utility Corporation (Palm Coast or utility) for deferral of Item 28, from the February 15, 2000 Agenda Conference. The utility has filed an Application for Conditional Establishment of Water and Wastewater Rates with the Flagler County Utility Regulatory Interim Authority. In addition, the utility plans to file a motion for abatement and continuance of the controlling procedural dates, prefiled testimony dates and final hearing dates in this proceeding within the next ten days. Counsel for Flagler County has advised the utility that it will support the motion for abatement and continuance. Staff agrees that this item should be deferred to give the County time to process the application that would lead to a joint offer of settlement for final resolution of the remand proceedings currently pending in this docket. OPC is also in agreement with the utility's deferral request. Therefore, staff recommends that the request for deferral of Item 28 be granted.

JKF/lw

Attachment

cc: Division of Records and Reporting

Recommend Approval
1/27/00
2/9/00

INDEXER2 JKF

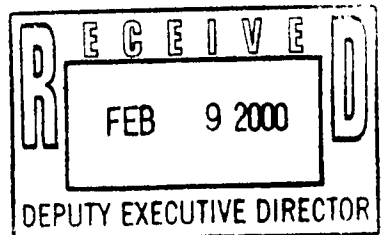
OK
JKB
for Chairman

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RECORDS AND REPORTING



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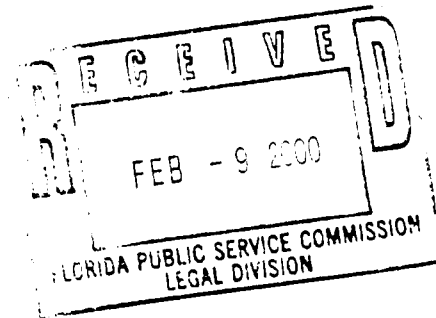
OF COUNSEL:
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February 9, 2000

HAND DELIVERY

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Florida Public Service Commission
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Tallahassee, FL 32399-08850



Re: Docket No. 951056-WS
Application for Rate Increase in Flagler County by Palm Coast Utility Corporation

Dear Rosanne:

As you know, the Commission has granted Florida Water's requests for deferrals of the Commission's consideration of the initial issues on remand outlined in the November 18, 1999 staff recommendation (with the exception of the recommendation to increase the appeal bond to \$1,622,122, approved at the January 18, 2000 Agenda Conference). Our deferral requests have been based on the need to analyze and evaluate the numbers reflected in the staff recommendation, the workpapers provided by staff, and to evaluate the prospects of settlement. Florida Water has filed an Application for Conditional Establishment of Water and Wastewater Rates with the Flagler County Utility Regulatory Interim Authority. This application essentially proposes to establish rates prospectively by increasing the final revenue requirements reflected in the Commission's final order by one-half of the total amount of revenue requirement at issue on remand, and offers many of the same elements included in Florida Water's modified offer of settlement (such as the three year stay-out) approved by the Commission in Docket No. 950495-WS. The application seeks Flagler County support for such a proposal in consideration of a joint motion filed by Florida Water and Flagler County with this Commission requesting approval of an offer of settlement as previously described.

In light of the foregoing, I am respectfully requesting a deferral of the staff recommendation from the February 15, 2000 Agenda Conference with the understanding that Florida Water will file

Rosanne Gervasi, Esq.
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a motion for an abatement and continuance of the controlling procedural dates, prefiled testimony dates and final hearing dates in this proceeding within the next ten days. The motion for abatement and continuance will be predicated on the need for additional time to allow Flagler County's consultants to analyze Florida Water's application (data requests were recently sent and answered) and resolve Florida Water's Application for Conditional Establishment of Water and Wastewater Rates. Counsel for Flagler County has advised that Flagler County will support the motion for abatement and continuance. As previously stated, we anticipate that approval of the application would lead to a joint offer of settlement for final resolution of the remand proceedings currently pending in this docket. The appeal bond would remain on file in the event settlement efforts ultimately prove unproductive and the remand proceedings need to go to final hearing.

As in the past, I have discussed our deferral request with Steve Reilly of the Office of Public Counsel and Mr. Reilly has agreed to the request. Jay LaVia, counsel for Flagler County also has agreed to the request.

Once again, thank you for your consideration and courtesy in this matter.

Sincerely,



Kenneth A. Hoffman

KAH/rl

cc: Honorable J. Terry Deason, Commissioner, by hand delivery
Stephen Reilly, Esq., via telecopier and U. S. Mail
Brian P. Armstrong, Senior Vice President and General Counsel, Florida Water Services Corp., via telecopier
Matthew J. Feil, Esq., via telecopier
Mr. Forrest L. Ludsen, via telecopier
Jay LaVia, Esq., via telecopier