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May 12, 2000

Ms. Blanca Bayo
Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 991437-WS, Application of Wedgefield Utilities, Inc. to Increase its
Water Rates and Charges

Dear Ms. Bayo:

Enclosed for filing in the above referenced docket are the following documents:

- a. Rate Case Synopsis.

This Synopsis has been sent in accordance with Commission rules.

Thank you for your assistance. If there are any questions, please let me know.

Sincerely yours,



Ben E. Girtman

Encl.
cc w/encl:
Patty Christensen, Esq.
Ms. Erin Nicholas

DATA _____
APP _____
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DOCUMENT NUMBER-DATE
05970 MAY 15 8
FPSC-RECORDS/REPORTING

WEDGEFIELD UTILITIES, INC.

DOCKET NO. 991437-WU

RATE CASE SYNOPSIS

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**WEDGEFIELD UTILITIES, INC.
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I. Purpose

In accordance with the Florida Public Service Commission's Rule 25-22.0407 regarding Notice of and Public Information for General Rate Increase Requests by Water and Wastewater Utilities, a synopsis of the rate request is to be prepared and distributed by Wedgefield Utilities, Inc., in Orange County. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present and Proposed Rates for Major Services

On November 12, 1999, Wedgefield Utilities, Inc. filed an application with the Florida Public Service Commission ("Commission") for increased water rates for its customers in Orange County. The application was assigned Docket No. 991437-WU, and February 29, 2000 was established as the official date of filing.

The utility has requested interim and permanent water revenue increases of \$144,838. This requested increase would produce total annual revenues of \$404,098 for its water operations. The utility has not requested any change in its wastewater rates. The following is a schedule of the utility's present water rates and the proposed permanent rates which would produce these revenues:

SCHEDULE OF RATES:

<u>Class/Meter Size</u>	<u>Present Rates</u>	<u>Proposed Interim & Final Rates</u>
<u>Residential</u>		
Base Facility Charge (monthly per meter)		
5/8"	\$ 14.40	\$ 22.51
3/4"	\$ 21.64	\$ 33.82
5/8" irrigation	\$ 14.40	\$ 22.51
Gallonge Charge per 1000 gallons	\$ 1.50	\$ 2.34
<u>General Service (Commercial, Irrigation)</u>		
Base Facility Charge (monthly per meter)		
5/8"	\$ 14.40	\$ 22.51
1"	\$ 36.09	\$ 56.41
1-1/2"	\$ 71.89	\$ 112.36
2"	\$ 115.47	\$ 180.48
5/8" irrigation	\$ 14.40	\$ 22.51
2" irrigation	\$ 115.47	\$ 180.48
Gallonge Charge per 1000 gallons	\$ 1.50	\$ 2.34

III. General Reasons for Rate Request

Wedgefield Utilities, Inc. requires a rate increase for its water operations because the existing rates are insufficient to recover all of its reasonable operating expense or to provide a fair return on the utility's investment in property used and useful in the public service. The last general rate increase was granted by Commission Order No. 20270, issued November 7, 1988, based on an application by the utility's previous owner, Econ Utilities Corporation.

The rates for water service are designed so that a portion of fixed charges are recovered from the base facility charge and the remaining costs and all variable costs are recovered from the gallonage charge.

The utility has not requested a change in its miscellaneous service charges that were previously approved by the Commission. Miscellaneous service charges are connection charges (turn-on fees) and premise visit charges. A connection charge may be for an initial connection, or a normal or violation reconnection. An initial connection is the connection charge at a location where service did not previously exist. A normal reconnection charge is a charge for the transfer of service to a new customer account at a location previously served by the utility. A violation reconnection charge is the fee for reconnection for an existing customer after disconnection of service for cause, such as delinquency in bill payment. A premise visit charge is the charge levied when a service representative visits the premises for the purpose of disconnecting service for non-payment of a past due bill and does not disconnect because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The rate of return on equity requested in this proceeding is 10%. The overall return requested (the weighted cost of debt, equity and tax credits) is 8.34%. The overall rate of return, which the utility is currently earning without a rate increase, is 1.33%.

IV. Major Rate Case Issues

It is impossible to anticipate all the issues that may develop during a rate case; however, the following issues are anticipated to be the major areas considered:

1. Is the Commission-approved test year appropriate for the purpose of setting rates?
2. What is the test year rate base?
3. What is the test year net operating income?
4. What is the test year cost of capital?
5. What is the test year revenue requirement?
6. What is the proper rate design to recover the test year revenue requirement approved for the utility by the Commission?

V. Description of the Ratemaking Process

To understand how a rate case is handled, it is helpful to look at two basic things. First, who participates in the case. Second, what will the Commission will be looking at in making decision in the rate case.

Participants

Many people may be involved in a utility rate case. The following is a list of some of the main participants:

1. The Florida Public Service Commission is composed of five Commissioners appointed by the Governor. All five may sit on a rate case, or the case may be assigned by the chairman of the Commission to a panel of Commissioners. The Commissioners assigned to the case will make final decisions on all of the issues in the case, based on the evidence received.
2. A Commission Staff of more than 300 assists the Commissioners. The staff members involved in the case include engineers who inspect the utility sites and equipment, accountants who audit the utility's books and records, consumer affairs specialists who review complaints against the utilities, rate and financial analysts who study the dollar issues and the rates and rate structure, and attorneys who advise on legal issues. The Commission also may employ outside consultants as expert witnesses on complex issues.
3. The Public Counsel is appointed by the Legislature to provide legal representation for the people of the state and may participate as a party in any proceeding before the Commission. They also have a staff of attorneys, accountants, rate and financial analysts, and they also may employ outside consultants as expert witnesses.
4. The Utility Company's officers, division managers and staff personnel testify about the utility, its operation and financial receipts and expenses. The company may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

What is Examined

All of these participants are, of course, mainly interested in what the Commission's final decision in the case will be. But before those decisions are made, the case will be studied for months, and volumes of data will be compiled on all aspects of the Utility's operation.

Rate Case Requirements

The case actually begins when the utility writes a letter to the Public Service Commission asking for approval of a "test year". That is the 12-month period for which utility operating data will be

examined for a rate case. The data may be compared to results of previous years and adjusted for known changes, such as inflation, after the test period.

The letter signals that the utility is about to ask for a rate increase. The rate case process takes approximately five to twelve months to complete.

After the utility's "test year" is approved by the Chairman of the Commission, the utility files its request for a rate increase. With that, it files minimum filing requirements (MFRs), which include information on the utility's expenses, investments and operations during the test year. The utility files that data, and any additional information necessary, to complete the case.

The Commission's auditors audit the utility's books and records. The Commission, the Public Counsel, and the others involved in the case may ask for more information or information in a different form, as the case continues.

The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation, and all of the operating and financial matters that are crucial to a decision. Among the things which the Commission does look for are expenditures that could be considered unnecessary or improper. Expenditures of this kind are disallowed for ratemaking purposes. This means the ratepayers do not have to pay for those costs.

PAA Procedures

A utility may ask that its application be processed using the Commission's Proposed Agency Action (PAA) procedure, as Wedgefield Utilities, Inc. has done in this case.

Under this procedure, the Commission staff holds a customer meeting in the utility's service territory to obtain information from the customers on the utility's service and other issues regarding the requested rate increase. After the Commission auditors have completed their audit and the Commission staff has reviewed the information filed by the utility and the results of the customer meeting, the staff makes a recommendation to the Commission as to the amount of rate increase that the utility should be granted. This recommendation is presented to the Commission at a public agenda conference in Tallahassee at which the Commissioners consider the staff recommendation and vote on each issue identified by the staff.

The Commission attorneys then prepare a formal order containing the Commission's proposed action, including the new rates and when they will be effective. Substantially affected persons have 21 days after this written order is issued to decide whether to accept the Commission's decision or to request a formal hearing.

If no party protests the order, and the hearing process is not triggered, the Commission's decision becomes final, a consummating order is issued, the new rates go into effect, and the docket is closed.

Hearings

If any substantially affected party objects to the Commission's proposed rate increase and requests a formal hearing, then the Commission schedules public hearings on the rate request. These hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-

examination, and the final decision must be based upon information presented to the Commission during the hearings.

The Commission schedules service hearings to obtain information from customers regarding their water service and schedules technical hearings to conduct a detailed evaluation of all technical, legal, and financial issues in the case. These hearings may require two days or more. These hearings are scheduled in the local service area for the customers' convenience. At that time, customer testimony is given regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and provides expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff; the Public Counsel, and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court Reporters record the hearings, just as they do in a courtroom. These transcripts often consist of hundreds of pages.

Completing the Rate Case

After hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues.

The Commission staff then makes recommendations to the Commissioners on each issue of the case.

When the Commission makes its final decisions there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are often twenty or more issues in a major water rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue, based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions and the basis for the decisions, the new rates, and when they will be effective.

After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Wedgefield Utilities, Inc. Tentative Time Schedule

The following tentative schedule was established by the Commission for the major events in Wedgefield Utilities, Inc.'s rate case:

<u>Schedule Item</u>	<u>Due Date</u>
Staff Recommendation on Interim Rates	04/06/00
Agenda Conference on Interim Rates	04/18/00
Order on Interim Rates	05/08/00
Audit Report Due	05/23/00
Customer Meeting	05/31/00
Recommendation due on Proposed Agency Action (PAA)	06/29/00
Agenda Conference on PAA	07/11/00
PAA Order	07/31/00
Protest period expires	08/21/00
Prehearing Conference (if PAA is protested)	01/03/01
Hearing (if PAA is protested)	01/23/01

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The minimum filing requirements (MFRs) filed by the utility are also available for inspection in the Wedgefield service area at the Wedgefield Golf Course and Country Club and at the company's general office in Altamonte Springs:

Wedgefield Golf Course and Country Club
20550 Maxim Parkway
Orlando, FL 32833

Wedgefield Utilities, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714

Customers' comments concerning Wedgefield Utilities, Inc. service and its request for an increase in rates should be addressed to the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee.

FL 32399-0850, and a copy mailed to Wedgefield Utilities, Inc., and its attorney, at the following addresses:

Wedgefield Utilities, Inc.
Attn: Don Rasmussen
200 Weathersfield Avenue
Altamonte Springs, FL 32714

Ben E. Girtman, Esq.
1020 East Lafayette St.
Suite 207
Tallahassee, FL 32301-4552

Complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll free phone number 1-800-342-3552.

The utility has not requested a change in its water service availability charges. However, the Commission will be reviewing the utility's service availability charges in the pending rate case and may adjust those charges.

All comments should include reference to Commission Docket No. 991437-WU which has been assigned to this case.