



Public Service Commission

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RECORDS AND REPORTING

DATE: MAY 25, 2000

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

FROM: DIVISION OF WATER AND WASTEWATER (CASEY) *pk* *JP* *M* *AWD*
DIVISION OF LEGAL SERVICES (VAN LEUVEN) *DLV* *RS*

RE: DOCKET NO. 991627-WU - APPLICATION FOR A RATE INCREASE BY
PARK WATER COMPANY, INC.
COUNTY: POLK

AGENDA: 06/06/2000 - REGULAR AGENDA - DECISION ON SUSPENSION OF
RATES - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 06/19/2000

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\991627WU.RCM

CASE BACKGROUND

On May 14, 1996, the Board of County Commissioners of Polk County (County) adopted a resolution, pursuant to Section 367.171, Florida Statutes, declaring the water and wastewater utilities in the County subject to the provisions of Chapter 367, Florida Statutes. The resolution was acknowledged by this Commission by Order No. PSC-96-0896-FOF-WS, issued July 11, 1996, in Docket No. 960674-WS.

Park Water Company, Inc. (Park or utility) is a Class C utility which provides water service to approximately 743 single family residences, duplexes, mobile homes, and general service customers in the County. According to the application, the utility was incorporated in the State of Florida on September 12, 1955, under the name of Crooked Lake Park Water Company, Inc. The name was changed to Park Water Company, Inc. on September 9, 1996. According to the utility's filing, the utility had 1999 annual revenues of \$190,113 and operating expenses of \$185,460, resulting

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in a net operating income of \$4,653. Although Park is considered a Class C utility by National Association of Regulatory Utility Commissioners standards (annual revenues of less than \$200,000), it is not eligible for a staff assisted rate case since the company's annual revenues are above \$150,000. Section 367.0814(1), Florida Statutes. To obtain rate relief, the utility initiated this file and suspend rate case.

Park filed this application for a rate increase on October 29, 1999. Staff found several deficiencies in the minimum filing requirements. These deficiencies were subsequently corrected, and April 19, 2000, was established as the official filing date. 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 an historical base year of December 31, 1999.

The sixty day statutory deadline for the Commission to suspend the utility's requested rates is June 19, 2000. This recommendation addresses the suspension of Park's requested rates.

DISCUSSION OF ISSUES

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

RECOMMENDATION: Yes. Park's proposed water rates should be suspended. This docket should remain open pending completion of the rate case. (CASEY)

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. This further examination by staff will include on-site investigations by staff accountants and engineers. Based on the above, staff recommends that the utility's proposed final rates be suspended. This docket should remain open pending completion of the rate case.