

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for limited proceeding to recover costs of water system improvements in Marion County by Sunshine Utilities of Central Florida, Inc.

DOCKET NO. 992015-WU
ORDER NO. PSC-01-2312-PCO-WU
ISSUED: November 26, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER DIRECTING FURTHER INVESTIGATION INTO UTILITY'S REQUEST
FOR A LIMITED PROCEEDING

BY THE COMMISSION:

BACKGROUND

Sunshine Utilities of Central Florida, Inc. (Sunshine or utility) is a Class B utility which provides water service to approximately 2,871 water customers in 21 separate small systems around the Ocala area in Marion County. Wastewater service is provided by septic tanks. The utility's last rate proceeding was in Docket No. 900386-WU, resulting in Order No. 25722, issued February 13, 1992.

On December 21, 1999, Sunshine filed an application for a limited proceeding to increase water rates and charges for all of its customers in Marion County. The rate increase requested is intended to be used to initiate a water facilities plan in which the utility would interconnect and consolidate five of the 21 separate systems owned by Sunshine. The utility intends to construct a centralized water treatment, pumping, and storage facility to serve the five systems specified in the utility's

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comprehensive plan. Sunshine states that it is proposing this plan in order to resolve contamination problems faced by some customers and by a few non-customers near its service area, and to improve the level of service and meet growth demands in the area of the interconnection.

After several meetings with our staff, it became apparent to the utility that our staff did not support its proposal. In its filing, Sunshine requested that the rate increase be passed on to all of its customers, not only to the customers of the five systems involved. In light of our staff's comments, Sunshine withdrew the application and asked for and was allowed time to revise its proposal.

On September 8, 2000, Sunshine submitted an Amended Application in which it presented two alternatives. Under its first alternative, Sunshine submitted essentially the original proposal as discussed above. The utility still proposed passing on a rate increase of 22.19% to all of its customers. Under its second alternative, Sunshine proposed a project of a more limited scope that would address only the contamination problems in Little Lake Weir and Lakeview Hills systems as well as sulfur concerns in the Oklawaha area.

Within this second alternative, Sunshine proposed two different rate plans. The two rate plans were to either have the rate increase of 18.2% be passed on to all of Sunshine's customers, or to have a rate increase of approximately 88.45% passed on to only the 750 customers of the systems involved.

Our staff originally filed a recommendation in this docket on November 16, 2000 for the November 28, 2000 Agenda Conference. That recommendation was initially deferred to the December 19, 2000 Agenda Conference. However, at the request of the utility, the recommendation was deferred from that Agenda Conference and was never presented to this Commission.

On June 7, 2001, Sunshine filed an amendment to its September 8, 2000 amended application. In this second amended application, Sunshine proposed to interconnect the five systems

known as Lake Weir, Lakeview Hills, Oklawaha, Belleview Oaks and Hilltop. The consolidation is proposed to be funded by the combination of grants and low interest loans. The plan includes a proposed rate increase of 15.73% for all of Sunshine's customers.

By memorandum dated October 25, 2001, our staff recommended that this limited proceeding application, along with all rate case expense, be denied, and that the docket be closed. However, upon review of the recommendation of our staff, and upon consideration of the presentations made and all of the discussion that took place on this matter at our November 6, 2002, agenda conference, we find it necessary to obtain additional information before taking any action on this limited proceeding. Therefore, we reject our staff's recommendation to deny the utility's request and decline to consider the issue of rate case expense at this time. We direct our staff to further investigate the utility's application and to file another recommendation for our further consideration addressing other options for allocation of costs, alternative avenues for funding, the need for possible certificate amendments, and rate case expense.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that additional information shall be obtained and our staff is directed to further investigate Sunshine Utilities of Central Florida, Inc.'s request for limited proceeding and to file another recommendation addressing other options for allocation of costs, alternative avenues for funding, the need for possible certificate amendments, and rate case expense. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission this 26th
day of November, 2001.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

RRJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1)

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reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.