



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: June 10, 2002
TO: Chairman Jaber
FROM: Timothy J. Devlin, Director, Division of Economic Regulation
Marlene Stern, Senior Attorney, Office of the General Counsel
RE: Docket No. 020409-SU - Application for Rate Increase in Charlotte County by Utilities Inc. of Sandalhaven - Test Year Approval

By letter dated May 9, 2002, Utilities Inc. of Sandalhaven (Sandalhaven or utility) has requested approval to use a historical test year ended December 31, 2001. This rate increase application will be for general rate relief for its wastewater-only system in Charlotte County. The Company is also requesting that it be allowed to file its MFRs on or before August 16, 2002. The utility has stated that it will seek interim rate relief using the year ended December 31, 2001 as a test year. Further, the utility stated that it will file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes.

Sandalhaven has indicated that the proposed test year ended December 31, 2001 is representative of the current operations. The utility also believes that the historical test year will be a representative period to measure the cost of service and establish new rates. The utility states that there is no material growth in the system, the expenses incurred by the utility are typical, and this test year is the most current year for which financial information is available. The utility has not previously had a rate case. Sandalhaven states that the rate increase is being sought because of increased operating costs and because of the length of time since rates were last set.

On September 24, 1998, Utilities, Inc. of Sandalhaven filed an application for authority to transfer Wastewater Certificate No. 495-S from Sandalhaven Utility, Inc. to Sandalhaven. Sandalhaven purchased the wastewater collection and treatment facilities of Sandalhaven Utility, Inc. in a cash transaction. The transfer was approved by the Commission in Order PSC-99-2114-PAA-SU, issued October 25, 1999, in Docket No. 981221-SU. An acquisition adjustment was neither requested nor ordered in this docket. Water and wastewater rates have not been set since Sandalhaven acquired the system.

Staff believes that the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for the calendar years 1999 through 2001. Based on our review, we believe that the requested test year should be approved. Receipt of the application by September 16, 2002, will be acceptable.

The test year letter filename is S:\psc\ecr\wp\sandalhaven_tya.wpd

c: Dr. Mary Bane, Executive Director
Division of Economic Regulation (Willis, Merchant, Kyle, Revell)
Division of Auditing and Safety (Vandiver)
Division of the Commission Clerk and Administration
Jackie Edwards

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LILA A. JABER
CHAIRMAN

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6044

Public Service Commission

June 12, 2002

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Docket No. 020409-SU, Application for rate increase in Charlotte County by Utilities, Inc. of Sandalhaven

Dear Mr. Friedman:

We have received your letter dated May 9, 2002 requesting test year approval for Utilities, Inc. of Sandalhaven (Sandalhaven). Your correspondence states that the utility is requesting to use a historical test year ended December 31, 2001. Sandalhaven is also requesting that it be allowed to file its minimum filing requirements (MFRs) on or before August 16, 2002. In your correspondence, you state that the utility intends to seek interim rate relief using the year ended December 31, 2001 as a test year. Further, you state that the utility intends to file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes. The utility's test year request as outlined above is hereby approved.

For administrative purposes only, Docket No. 020409-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of the Commission Clerk & Administrative Services receives the complete petition, the MFRs, and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than August 16, 2002.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. The utility is instructed to file all information with its original filing that it wishes the Commission to consider. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, there is a possibility that information filed at a later time will not be considered. Lastly, the utility should be prepared to justify its requested test year operation and maintenance expenses, particularly those which have increased above the level of customer growth and inflation, for the period of December 31, 1996 through December 31, 2000.

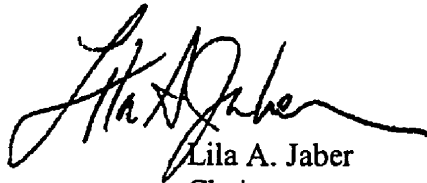
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PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

Mr. Martin S. Friedman
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Sincerely,



Lila A. Jaber
Chairman

LAJ:jbr

cc: Dr. Mary Bane, Executive Director
Division of The Commission Clerk & Administrative Services
Division of Economic Regulation (Willis, Merchant, Kyle, Revell)
Office of the General Counsel (Stern)
Division of Auditing and Safety (Vandiver)