

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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RECEIVED 11:30
DEC-5 AM 10:47
COMMISSION CLERK

DATE: DECEMBER 5, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (KYLE, MERCHANT)
OFFICE OF THE GENERAL COUNSEL (GERVASI, HOLLEY)

RE: DOCKET NO. 020071-WS - APPLICATION FOR RATE INCREASE IN
MARION, ORANGE, PASCO, PINELLAS, AND SEMINOLE COUNTIES BY
UTILITIES, INC. OF FLORIDA.
COUNTIES: MARION, ORANGE, PASCO, PINELLAS, SEMINOLE

AGENDA: 12/17/02 - REGULAR AGENDA - DECISION ON SUSPENSION OF
RATES - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 12/30/02

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\020071.REC.WPD

CASE BACKGROUND

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater service to systems in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole.

By letter dated February 26, 2002, UIF requested test year approval in order to file an application for general rate relief for all of its systems. On June 28, 2002, the utility filed minimum filing requirements (MFRs) to justify its requested rate increase. By letter dated July 19, 2002, the utility was notified that the MFRs were deficient. In response to that deficiency letter, the utility submitted additional explanations, schedules and data on September 3, 2002. However, by letter dated September 11, 2002, the utility was notified by staff that the MFRs were still deficient. UIF corrected the remaining deficiencies on October 3, 2002. Thus, staff notified the utility that October 3,

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2002, was established as the official date of filing for the utility's rate case.

On October 31, 2002, UIF materially amended its MFR rate schedules, and as such, the official date of filing was reset to that date. After discussions with staff concerning material billing errors in the MFRs, the utility agreed to extend the deadline for Commission action on UIF's interim and final rate requests. By letter dated December 4, 2002, UIF has waived for a period of 120 days the 60-day deadline within which the Commission must consider interim rates pursuant to Section 367.082, Florida Statutes. The utility also waived for a period of 120 days the 8-month deadline within which the Commission must take final action on UIF's application as provided for in Section 367.081(6), Florida Statutes. Therefore the deadline for considering interim rates is April 29, 2003, and the deadline for Commission action on final rates is October 28, 2003.

UIF's requested test year for final and interim purposes is the historical year ended December 31, 2001. The utility has requested that the rate case be scheduled directly for hearing, and it filed its direct testimony with its June 28, 2002, MFR filing. The Office of Public Counsel (OPC) served its Notice of Intervention in this docket and by Order No. PSC-02-1026-PCO-WS, issued July 29, 2002, OPC's intervention was acknowledged.

The sixty-day statutory deadline for the Commission to suspend the utility's requested final rates is December 30, 2002. This recommendation addresses the suspension of UIF's final rates.

The Commission has jurisdiction pursuant to Sections 367.081, and 367.082, Florida Statutes.

DISCUSSION OF ISSUES

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

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RECOMMENDATION: Yes. UIF's proposed water and wastewater rates should be suspended. The docket should remain open pending the Commission's final action on the utility's requested rate increase.
(KYLE)

STAFF ANALYSIS: Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty days after filing unless the Commission votes to withhold consent to implementation of the requested rates. Further, the above-referenced statute permits the proposed rates to go into effect, under bond, eight months after filing unless final action has been taken by the Commission.

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 recommends that 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 will include on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends that it is appropriate to suspend the utility's proposed rate increase.

The docket should remain open pending the Commission's final action on the utility's requested rate increase.