

ORIGINAL

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August 18, 2004

Blanca Bayo, Division of Commission Clerk  
& Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
AUG 18 AM 11:25  
COMMISSION  
CLERK

In re: Application of Indiantown Company, Inc. for Increased Water  
and Wastewater Rates in Martin County – Docket No. 040450-WS

Dear Ms. Bayo:

Enclosed for filing, please find the following:

- 09011-04 1. Petition for Permanent Increase of the Water and Wastewater Rates (original and 15 copies);
  - 09012-04 2. Petition for Interim Increase of the Water and Wastewater Rates (original and 15 copies);
  - 09013-04 3. Affidavit of Jeff Leslie agreeing to comply with notice requirements;
  - 09013-04 4. Minimum Filing Requirements (MFRs):
    - 09013-04 a. Volume I, Financial, Rate and Engineering MFRs (16 copies);
    - 09014-04 b. Volume II, Consolidated Billing Analysis (two copies);
    - 09015-04 c. Volume IIIa, Test Year Water and Wastewater Operating Reports (two copies);
    - 09016-04 d. Volume IIIb, Water and Wastewater Operating Reports for 2002 (two copies);
    - 09017-04 e. Volume IV, Additional Engineering Information containing Schedules A through H (two copies);
    - 09018-04 f. Map of Water and Wastewater Systems:
      - 1) Indianwood (one copy);
      - 2) Service Territory (one copy).
- > sent to ECR

The filing fee of \$7,000 was submitted on July 28, 2004, along with the request for an extension of time to file until September 1, 2004.

CMP \_\_\_\_\_ Please contact me if you have any questions about this filing.

COM 5 \_\_\_\_\_ Petition 3 & Vol I

CTR \_\_\_\_\_

ECR \_\_\_\_\_

GCL 1 \_\_\_\_\_ Petitions & Vol I

OPC 1 \_\_\_\_\_ Petitions & Vol I

MMS \_\_\_\_\_ Copy: Trish Merchant, FPSC

MMS \_\_\_\_\_ Jeff Leslie, Indiantown Company

RCA \_\_\_\_\_ Petitions & Vol I Robert Nixon

SCR \_\_\_\_\_

SEC 1 \_\_\_\_\_

OTH \_\_\_\_\_

Sincerely,

David B. Erwin

DOCUMENT NUMBER-DATE

09011 AUG 18 3

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Indiantown Company, )  
Inc. for Increased Water and Wastewater ) DOCKET NO. 040450-WS  
Rates in Martin County )  
\_\_\_\_\_ ) Filed: August 18, 2004

PETITION FOR PERMANENT INCREASE  
OF THE WATER AND WASTEWATER RATES  
OF INDIANTOWN COMPANY, INC.

AND

PETITION FOR INTERIM INCREASE  
OF THE WATER AND WASTEWATER RATES  
OF INDIANTOWN COMPANY, INC.

Indiantown Company, Inc., a Florida corporation (hereinafter “Petitioner” or “Indiantown”), hereby petitions for both permanent and interim rate increases for both its water system and its wastewater system, pursuant to Sections 367.081(6) and 367.082, Florida Statutes, and Rules 25-30.436, 25-30.437 and 25-30.440, Florida Administrative Code, in order to obtain permanent rates that generate a fair rate of return and interim rates as allowed by law, and in support thereof, Petitioner states as follows:

1. The name of the Petitioner and the address of its principal place of business is:

Indiantown Company, Inc.  
15851 S. W. Farms Road  
Indiantown, Florida 34956

2. The names and addresses of persons authorized to receive notices with regard to this Petition are as follow:

- a. Jeff Leslie, Vice President  
Indiantown Company, Inc.  
15925 S. W. Warfield Boulevard  
Indiantown, Florida 34956  
Telephone: 561.597.2104  
Fax: 561.597.2110
  
- b. David B. Erwin, Attorney  
127 Riversink Road  
Crawfordville, Florida 32327  
Telephone: 850.926.9331  
Fax: 850.926.8448
  
- c. Robert C. Nixon  
Cronin, Jackson, Nixon & Wilson, P. A.  
2560 Gulf-to-Bay Boulevard, Suite 200  
Clearwater, Florida 33765-4419  
Telephone: 727.791.4020  
Fax: 727.797.3602

- 3. The owner of all the stock of Indiantown is Postco, Inc., which is in turn owned by two individuals, each with 50% of the stock. The two individual owners of the stock of Postco, Inc. are Robert M. Post, Jr., also President of Indiantown Company, Inc., and his wife, Linda M. Post.
  
- 4. Indiantown Company, Inc. presented a rate case in Docket No. 990939-WS, which set rates in Order No. PSC-00-2245-PAA-WS, issued on October 27, 2000 and made final by Consummating Order No. PSC-00-2245-CO-WS, issued November 27, 2000. The company thereafter filed increases through the Commission's price indexing procedure for 2000 expenses (filed in 2001), 2001 expenses (filed in 2002) and for 2002 expenses (filed in 2003). No price index has been filed for 2003 expenses.

5. On October 27, 2000, in Docket No. 990939-WS, Order No. PSC-00-2245-PAA-WS, the Commission established an appropriate ROE for Indiantown Company of 9.46%, with a range of 8.46% to 10.46%. In this current rate proceeding, the Petitioner is requesting revenue which would produce an overall rate of return of 8.97% (Volume I, Schedule D-1) and 8.26% on an interim basis (Volume I, Schedule D-1(a)). The ROE used for each calculation is 9.39% and 8.46%, respectively.
  
6. The address within the service area of Petitioner, at which this application is available for customer inspection, is at the affiliated telephone company office, at the following address, where better facilities are available to review the application than at the water treatment plant and offices:

ITS Telecommunications Systems  
15925 S. W. Warfield Boulevard  
Indiantown, Florida 34956
  
7. Petitioner's Vice President, Jeff Leslie, has signed the Affidavit required by Rule 25-30.436(1)(f), F. A. C., which states that Petitioner will comply with the notice requirements of Rule 25-22.0407, F. A. C.
  
8. Petitioner requests that the Commission process this application for general rate relief using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes.

9 Petitioner submits that it needs both permanent and interim rate relief, because the current rates and charges do not produce enough revenue to provide any return on rate base. Operating expenses exceed operating revenues in both the water and wastewater systems per books and with test year adjustments in Volume I (Schedule B-1, B1(a), B-2 and B-2(a)). The situation is the result of a number of things. There have been no major plant expansions, but there have been and will be capital expenditures, most notably for a new emergency generator, relocation of a lift station and other lesser improvements, all of which will benefit current customers. These items are outlined in some detail in the letter requesting test year approval, dated May 13, 2004 and are shown on Schedule A-3 in Volume 1.

Petitioner has experienced significant cost increases for health insurance, which have risen faster than inflation and customer growth. In addition, the Company needs to repaint the interior of the wastewater treatment plant and perform additional maintenance on the percolation ponds. The cost of painting will be amortized over five years. Other adjustments to operating expenses include: depreciation related to requested capital improvements and adjustments for group depreciation per Rule 25-30.140; reclassification between accounts (no revenue impact); reductions to certain expenses to conform to the last Rate Order; and annualization of current charges for management fees. These adjustments are shown in Volume 1, Schedule B-3.

10. On May 13, 2004, Petitioner filed a request letter for approval of a test year for the 12-month period ended December 31, 2003. On June 3, 2004, Chairman Braulio L. Baez approved the test period sought and requested that the company file its petition, MFRs and the filing fee by August 2, 2004. On July 28, 2004, Petitioner requested an extension of time to file its Petition and MFRs, and the request was granted on August 2, 2004, for an extension to and including September 1, 2004.

11. Petitioner requests approval to increase its rates to produce annual total system revenue on a permanent basis in the following amounts:

Water system	-	\$ 801,014 (Schedule B-1), Volume I
Wastewater system	-	\$1,209,823 (Schedule B-2), Volume I

In order to obtain the total revenue amounts shown above, Petitioner requests approval to increase annual revenue in each system in the following amounts:

Water system	-	\$ 182,796 (Schedule B-1), Volume I
Wastewater system	-	\$ 332,370 (Schedule B-2), Volume I

If there should be any adjustments during the processing of this application for rate relief that influence the revenue amounts reflected above, Petitioner, nevertheless, requests approval to recover at least whatever revenue is produced by application of its sought after overall rate of return of 8.97%, even if that revenue is greater than the amounts reflected above.

12. Petitioner requests approval to increase its rates to produce annual total system

revenue on an interim basis, using the same test period as used for the permanent rate application, in the following amounts:

Water system	-	\$ 736,087 (Schedule B-1(a)), Volume I
Wastewater system	-	\$1,113,471 (Schedule B-2(a)), Volume I

In order to obtain the total revenue amounts shown above, Petitioner requests approval to increase annual revenue in each system for the duration of the interim increase in the following amounts:

Water system	-	\$ 117,869 (Schedule B-1(a)), Volume I
Wastewater system	-	\$ 236,018 (Schedule B-2(a)), Volume I

Petitioner submits that it is earning outside the range of reasonableness on rate of return, as that is calculated in accordance with Section 367.082(5), Florida Statutes.

13. Petitioner believes that the rates set forth in Volume I (Schedule E-1) will produce the revenue set forth above for both interim and permanent rates, and Petitioner requests approval of such rates, or, if the Commission should make adjustments to the schedules filed herewith, then Petitioner requests approval of rates that will produce the revenue necessary to cover expenses and provide an acceptable rate of return to Petitioner for each system.
14. Petitioner has computed and on July 28, 2004, submitted the appropriate filing fees

of \$7000, as required by Rule 25-30.020(2)(e), F. A. C. Petitioner has the existing capacity to serve the following number of ERCs for each system:

Water capacity: 1,231,000 GPD (Schedule F-3)  
1,231,000 divided by 350 equals 3517 ERCs  
Filing fee - \$3500

Wastewater capacity: 750,000 GPD (Schedule F-4)  
750,000 divided by 280 equals 2679 ERCs  
Filing fee - \$3500

The appropriate total filing fee for this petition is \$7,000.

15. Petitioner submits herewith the Minimum Filing Requirements (Financial, Rate and Engineering) for a Class B water utility and a Class B wastewater utility, as required by Rules 25-30.436, 25-30.437, and 25-30.440, F. A. C. Attached hereto and made a part of this petition are the following:

- a) Volume I, Financial, Rate and Engineering Minimum Filing Requirements (sixteen copies);
- b) Volume II, Consolidated Billing Analysis (two copies);
- c) Volume III a, Additional Engineering Information, containing test year water and wastewater operating reports (two copies);
- d) Volume III b, Additional Engineering Information, containing 2002 water and wastewater operating reports (two copies);
- e) Volume IV, Additional Engineering Information containing Schedules A through H (two copies);
- f) Map (one copy);
- g) Affidavit signed by Jeff Leslie, Vice President, agreeing to comply with Rule 25-22.0407, F. A. C.;
- h) Check for \$7,000 for filing fees was submitted on July 28, 2004, along with the request for extension of time to file the Petition and MFRs.

WHEREFORE, and in consideration of the above, Indiantown Company, Inc., respectfully



requests that on the basis of its petition and the minimum filing requirements and other information submitted herewith and present in other dockets and orders of the Commission, the Commission use the PAA process permitted by Section 367.081(8), Florida Statutes, and approve Petitioner's requests for permanent and interim rate increases for its water system and wastewater system in Martin County, as set forth in the body of this petition.

Respectfully submitted this 18<sup>th</sup> day of August, 2004.

DAVID B. ERWIN  
127 Riversink Road  
Crawfordville, Florida 32327  
Telephone: 850.926.9331  
Fax: 850.926.8448



Attorney for Indiantown Company, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the following Petition, without the supporting Minimum Filing Requirements, was served by U. S. Mail, this 18<sup>th</sup> day of August, 2004 on

Doug Smith, Chairman  
Martin County Board of Commissioners  
2401 S. E. Monterey Road  
Stuart, Florida 34996



David B. Erwin  
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