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Public Service Commission

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COMMISSION
CLERK

DATE: October 7, 2005

TO: Braulio L. Baez, Chairman

FROM: Timothy J. Devlin, Director, Division of Economic Regulation *198*
Mary Anne Helton, Attorney Supervisor, Office of the General Counsel *Walt*

RE: Docket No. 050723-WU - Application of Colonial Manor Utilities for an increase in water rates in Pasco County - Test Year Approval

By letter dated September 29, 2005, Colonial Manor Utilities (Colonial Manor) has requested approval to use a historical test year ended June 30, 2005, for a water only rate case filing. The company has indicated this requested test year is representative of current and future operations and is a representative period to measure the cost of service and to establish new rates. Further, the utility will file its application using the Proposed Agency Action provision in Section 367.081(8), Florida Statutes.

Colonial Manor states that it will experience capital improvements in the future. Therefore, Colonial Manor indicated that there will be pro forma plant adjustments, included in its application for an increase in water rates.

By Order No. PSC-03-1250-PAA-WU, issued November 6, 2003, the Commission addressed the utility's last general rate review. 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 2002 through 2004, as well as the utilities proposed capital improvement plan. Based on our review, we believe that the utility is not experiencing significant growth and is proposing to replace and/or improve its water system providing service to existing customers. Therefore its requested historical test year, with pro forma adjustments for plant, should be approved. Colonial Manor indicated that it will proceed to gather the information necessary for the MFRs upon acceptance of the test year. Therefore, the utility is instructed to file the MFRs no later than December 29, 2005.

The test year letter filename is I:\PSC\ECR\WP\COLONIAL-MANOR.LTR.DOC

- CMP** _____
- COM** _____
- CTR** _____
- ECR** _____
- GCL** _____
- OPC** _____
- RCA** _____ c: Dr. Mary Bane, Executive Director
- SCR** _____ Betty Ashby
- SGA** _____ Charles H. Hill, Deputy Executive Director
- SEC** Division of Economic Regulation (Willis, Rendell)
- OTH** _____ Office of the General Counsel (Helton)
- _____ Division of the Commission Clerk and Administrative Services

DOCUMENT NUMBER-DATE

09642 OCT-7 05

FPSC-COMMISSION CLERK

BRAULIO L. BAEZ
CHAIRMAN

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
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Tallahassee, FL 32399-0850
(850) 413-6042

Public Service Commission

October 7, 2005

Joseph G. Gabay
Colonial Manor Utilities
P.O. Box 398
New Port Richey, FL 3456-0398

Re: Docket No. 050723-WU - Application for an increase in water rates by Colonial Manor Utilities in Pasco County

Dear Mr. Gabay:

We have received your letter dated September 29, 2005, requesting approval for Colonial Manor Utilities (Colonial Manor) to use a historical base year ended June 30, 2005, with pro forma plant adjustments, for final rates. It is my understanding that the utility will 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. You should also be aware that if you do not elect to request the PAA process in your application, prefiled direct testimony must be filed with the minimum filing requirements (MFRs).

For administrative purposes only, Docket No. 050723-WU has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of the Commission Clerk and Administrative Services receives the complete petition, revised tariff sheets, the MFRs, testimony (if not requesting PAA), and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above by no later than December 29, 2005. Because of the difficulty in scheduling hearing dates, it is not anticipated that an extension of this filing will be granted.

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.

Mr. Joseph Gabay
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October 7, 2005

You further indicated that the utility's capital improvement plan will be submitted separately. Be advised, this information must be included in your MFRs as part of your rate increase request. The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, information not filed with the original application may not be considered.

Sincerely,

Braulio Baez
Chairman

BB:wtr

cc: Dr. Mary Bane, Executive Director
Betty Ashby
Charles H. Hill, Deputy Executive Director
Division of Economic Regulation (Willis, Rendell)
Office of the General Counsel (Helton)
Division of the Commission Clerk and Administrative Services
Harold McLean, Office of Public Counsel

Gary Deremer, US Water Service Corporation