



ORIGINAL

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 8, 2005
TO: Braulio L. Baez, Chairman
FROM: Timothy J. Devlin, Director, Division of Economic Regulation
 Mary Anne Helton, Attorney Supervisor, Office of the General Counsel
RE: Docket No. 050846-SU - Application of Utilities, Inc. of Longwood for an increase in wastewater rates in Seminole County - Test Year Approval

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 COMMISSION CLERK
 FILED IN D-FPSC

By letter dated October 28, 2005, Utilities, Inc. of Longwood requested approval to use a historical test year ended June 30, 2005, for a wastewater only rate case filing. The company has indicated this requested test year is representative of a normal full year of operation. Further, the utility will file its application using the Proposed Agency Action provision in Section 367.081(8), Florida Statutes.

Utilities, Inc. of Longwood states that it has made major changes to plant and equipment, but there has been no major changes in operational methods. Further, Utilities, Inc. of Longwood states that it will include pro forma plant additions, as well as, pro forma increases in health care, insurance, purchased power, tuition reimbursement and other costs included in its application for an increase in wastewater rates.

The utility states that it has not had a rate proceeding since it was acquired in 1995. By Order No. PSC-96-0448-FOF-SU, issued March 29, 1996 the Commission approved the transfer of the wastewater system and established rate base. 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 utility's proposed plant additions. Based on our review, we believe that the utility is not experiencing significant growth and is proposing to replace and/or improve its wastewater system providing service to existing customers. Therefore, its requested historical test year, with pro forma adjustments for plant and O&M, should be approved. Utilities, Inc. of Longwood indicated that it intends to submit the minimum filing requirements on or before December 31, 2005. However, since many utilities find it difficult to meet such a short timeframe, the utility is instructed to file the MFRs no later than February 3, 2006.

- MP _____
- DM _____
- TR _____
- CR _____
- CL _____

The test year letter filename is I:\PSC\ECR\WP\UIofLONGWOOD.LTR.DOC

c: 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

- SGA _____
- SEC 1
- OTH _____

DOCUMENT NUMBER- DATE
 10819 NOV-9 05
 FPSC-COMMISSION CLERK

BRAULIO L. BAEZ
CHAIRMAN

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6042

Public Service Commission

November 8, 2005

Valerie Lord
Rose, Sundstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779

Re: Docket No. 050846-SU - Application for an increase in water rates by Utilities Inc. of Longwood in Seminole County

Dear Ms. Lord:

We have received your letter dated October 28, 2005, requesting approval for Utilities, Inc. of Longwood to use a historical test year ended June 30, 2005, with pro forma plant and operating expenses adjustments, for final rates. You state 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.

For administrative purposes only, Docket No. 050846-SU 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, the MFRs, and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above by no later than February 3, 2006. 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 PAA 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. Please note that many schedules included in the MFRs are designed with a column titled "Balance Per Books." This column must reflect the balances on the General Ledger and be reconciled with the balances reported in the utility's Annual Report on file with the Commission. This requirement is applicable to all primary account balances as required by the NARUC Uniform System of Accounts. Pursuant to Rule 25-30.110(2), Florida Administrative Code, all data that the Commission requests and requires to be submitted in determining a utility's rates shall be consistent with and reconcilable with the utility's annual report to the Commission.

In addition, the utility should satisfactorily document that it has recorded all adjustments to the utility's general ledger and accounts that have been ordered by the Commission in any prior proceeding relating to this system. If adjustments were ordered for prior periods that have any impact on subsequent years, the related adjustments shall also be made to reflect the impact for the

Ms. Valerie Lord
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appropriate period up to and including the approved test year. Further, 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 year ended five years prior to the test year.

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,

A handwritten signature in black ink, appearing to read "Braulio Baez", written over the word "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