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TIMOTHY DEVLIN, DIRECTOR  
 DIVISION OF ECONOMIC REGULATION  
 (850) 413-6900

DEC -8 PM 4:04

Public Service Commission

December 8, 2005

Mr. Anthony Staiano, President  
 Park Water Company, Inc.  
 25 1st Avenue North  
 Lake Wales, FL 33853

**Re: Docket No. 050563-WU - Application for an increase in water rates by Park Water Company**

Dear Mr. Staiano:

We have reviewed the minimum filing requirements (MFRs) submitted on November 21, 2005, on behalf of Park Water Company, Inc. (Park Water or utility). After reviewing this information, we find the MFRs to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.440, Florida Administrative Code (F.A.C.), requires the utility to submit additional engineering information. Park Water failed to submit the required items listed in sections (1) through (10) of this rule. (See Attachment A)

2. In the test year approval letter dated August 25, 2005, the chairman approved a historical test year ending December 31, 2004, with pro-forma adjustments. The MFRs submitted by Park Water reflects a projected test year ending December 31, 2005. It was staff's understanding that the utility intended to file a historic test year with a limited number of proforma adjustments for utility plant. The information in the MFRs reflects a completely projected test year. Pursuant to Rule 25-30.437, F.A.C., if a projected test year is used, the utility is to provide a complete set of MFRs for both the historical and the projected information. As provided for in the rule, in lieu of providing separate pages for the required schedules, this information can be combined on the same page by adding additional columns. However, the utility should provide a schedule that describes in detail all methods and bases of projections, explaining the justification for each method or basis employed. Park Water failed to provide a complete set of information for each period. Further, if the utility intends to file a projected test period, it should request a change in the test year, with further justification for the change.

3. Rule 25-30.020, F.A.C., requires a utility to submit a fee to the Commission when a utility files a request for a rate change pursuant to Section 367.081, Florida Statutes (F.S.). For the purposes of this rule, an equivalent residential connection (ERC) is 350 gallons per day (GPD) for water service. The utility submitted a filing fee of \$2,000. After further review, staff

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Mr. Anthony Staiano, President

Page 2

December 8, 2005

determined that pursuant to Rule 25-30.020(2)(e)(3), F.A.C., the filing fee should be \$3,500. As a result, the utility did not submit the correct filing fee.

4. Rule 25-30.436(1), F.A.C., requires that each applicant for a rate increase provide certain general information to the Commission. Specifically, subparagraph (1)(f) requires an affidavit signed by an officer of the utility that states that the utility will comply with Rule 22-22.0407, F.A.C. The utility's petition stated that such an affidavit was provided; however, no statement of compliance was included in the affidavit filed with the MFRs.

Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ERC 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Numbers 5 through 20 of the following list are deficiencies pursuant to this rule:

5. Pursuant to section (1) of the above referenced rule, each section shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule. Park Water failed to index and tab its MFRs and did not provide a table of contents.

6. Schedule B-9, Contractual Services

This schedule requires specific detail of contractual services which exceed 2% of test year revenues, or \$5,411. The utility did not provide the required detail for the management fees. Also, no name was provided for the Engineer.

7. Schedule B-10, Analysis of Rate Case Expense

This schedule requires the utility to state whether the total includes the amount up to proposed agency action or through a hearing before the Commission. The utility did not provide this information.

8. Schedule B-11, Analysis of Major Maintenance Projects

This schedule requires that the utility provide an analysis of all maintenance projects greater than 2% of test year revenues per system which occurred during the two years prior to the test year and the budgeted amount for one year subsequent to the test year. The utility did not provide this information.

9. Schedule B-15, Taxes Other Than Income

The utility is required to provide details for all taxes other than income incurred during the test year. The utility did not provide the amount of regulatory assessment fees paid during the test year.

10. Schedule D-1, Schedule of Requested Cost of Capital

The utility is required to provide all details concerning its capital structure. The utility did not provide the cost rate for customer deposits.

11. Schedule E-1, Rate Schedule

The utility is required to provide a schedule of present and proposed rates. The utility did not provide this information.

12. Schedule E-2, Revenue Schedule at Present and Proposed Rates

The utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis. The utility did not provide the present or proposed rates. Also, the billing analysis, Schedule E-14, does not match the total number of bills or gallons that appear on Schedule E-2. On Schedule E-2, what does "1" Etc." as listed under both the Residential and General Service categories mean? For each meter size and customer class, the test year bills rendered, gallons sold and resulting revenues must appear as a separate line item on Schedule E-2 and have corresponding pages reflecting the matching bills and gallons sold on Schedule E-14.

13. Schedule E-2, Revenue Schedule at Present and Proposed Rates

No multi family data at any meter size appears on Schedule E-2, but does appear on Schedule E-14. For each meter size and customer class, the test year bills rendered, gallons sold and resulting revenues must appear as a separate line item on Schedule E-2 and have corresponding pages reflecting the matching bills and gallons sold on Schedule E-14.

14. Schedule E-4, Miscellaneous Service Charges

The utility is required to provide a schedule of derivation for any proposed change. The utility did not provide this justification.

15. Schedule E-8, Contracts and Agreements Schedule

The utility is required to provide details concerning any outstanding contracts or agreements having rates or conditions different from those on approved tariffs. The utility did not indicate whether it had any such agreements or contracts.

16. Schedule E-13 – Projected Test Year Billing Data

If Park Water intends to request a projected test year, this schedule must be completed. Park Water failed to provide the required information.

17. Schedule E-14 – Billing Analysis by Class of Customer by Meter Size

The pages do not have titles or headings indicating the utility's name, docket number, etc. Furthermore, all pages are missing the required information regarding cumulative bills, cumulative gallons, reversed bills, consolidated factor and consolidated factor percentage of total. Each page of Schedule E-14 must be refiled, and must conform to the format of blank E-14 that is enclosed for your reference. (Attachment B)

18. Schedule F-3, Water Treatment Plant

The utility is required to provide the plant capacity of the water treatment plant. This should be the hydraulic rated capacity. The utility did not provide the plant's capacity.

19. Schedules F-5, Water Treatment Plant Used and Useful Calculation  
Schedule F-7, Water Distribution System Used and Useful Calculation

The utility did not provide any calculations, documentation and/or explanations for its conclusions; therefore, these schedules are deficient. This information should be supplied for both the historical and projected (pro-forma) periods.

20. Schedule F-17 – Present and Projected Consumption

The utility filed a Schedule F-17B and 17C, but did not file a Schedule F-17A. On Schedule F-17C, Park Water failed to provide the revenue calculated on projected billing and consumption.

21. Rule 25-30.4385, F.A.C., requires a utility to file an original and three copies of all revised tariff sheets for each service classification in which any change is proposed, except those tariff sheets in which the only change is to the service rates. The utility did not provide revised tariff sheets for service availability charges or miscellaneous service charges.

22. Rule 25-30.565, F.A.C., requires the utility to submit additional information when a utility requests new or revised service availability charges. Park Water failed to submit the required items listed in sections (1) through (6) of this rule. (See Attachment C)

Rule 25-30.110(2), F.A.C., states that “[t]he utility shall also furnish the Commission with any information concerning the utility’s facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility.” This rule further states that “[a]ll such data, unless otherwise specified, shall be consistent with and reconcilable with the utility’s annual report to the Commission.” Thus, all beginning and ending balances must agree with the beginning and ending balances listed in the utility’s 2004 Annual Report. In addition, any specific primary accounts must also agree with the primary accounts in the annual report. In accordance with this rule, the MFRs submitted pursuant to Rule 25-30.437, F.A.C., should match what is reflected in the annual report. The following schedules are deficient pursuant to this rule.

23. Schedule A-1, Schedule of Water Rate Base

This schedule does not show a balance in Utility Land and Land Rights.

24. Schedule A-5, Schedule of Water Plant in Service by Primary Account

The total balance in this schedule does not match the total balance on page F-1(a) of the 2004 Annual Report.

25. Schedule A-8, Schedule of Water and Wastewater Accumulated Depreciation

The utility did not use the 12/31/99 beginning balance per the last Order, nor did it list 2000 additions to Rate Base.

Mr. Anthony Staiano, President

Page 5

December 8, 2005

26. Schedule A-11, Schedule of Water and Wastewater Contributions in Aid of Construction

The 01/01/00 beginning balance does not match the test year ending 12/31/99 balance per the last order.

27. Schedule A-18, Comparative Balance Sheet-Assets

The beginning balance in Column (3) does not match the amount listed in F-1(a) of the 2004 Annual Report.

28. Schedule A-19, Comparative Balance Sheet-Equity Capital & Liabilities

Retained Earnings and Notes Payable balances do not match amounts listed for these Accounts contained in Schedule F-2(a) of the 2004 Annual Report

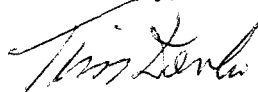
29. Schedule B-1, Schedule of Water Net Operating Income  
Schedule B-4, Test Year Operating Revenues

There is no historical test year data provided on these schedules.

30. If any above corrections require a corresponding change to any MFR schedules, those corrected schedules must also be submitted.

Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than January 31, 2006.

Sincerely,



Timothy Devlin  
Director

TD:tr

Attachments

cc: Division of Commission Clerk and Administrative Services  
Office of the General Counsel (Jaeger)  
Division of Economic Regulation (Willis, Rendell, Edwards, Revell, Hudson)

Joseph Hodakowski, CPA  
349 Route 31 South, Suite 401  
Flemington, NJ 08822

**Attachment A**

Rule 25-30.440, FAC, requires that each utility applying for a rate increase shall provide two copies of the following engineering information to the Commission, with the exception of item (1) of which only one copy is required

1. Rule 25-30.440(1), FAC, requires the utility to provide a detailed map, (a) showing the location and size of the applicant's distribution and collection lines as well as its plant sites; (b) and the location and respective classification of the applicant's customers. The utility did not submit the maps.
2. Rule 25-30.440(2), FAC, requires the utility to provide a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized; the utility failed to provide this information.
3. Rule 25-30.440(3), FAC, requires the utility to submit the most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, Florida Administrative Code; The utility failed to provide the appropriate documentation.
4. Rule 25-30.440(4), FAC, requires the utility to submit all of the water and wastewater plant operating reports for the test year and the year proceeding the test year; the utility failed to provide the appropriated documentation.
5. Rule 25-30.440(5), FAC, requires the utility to submit its most recent sanitary survey for each water plant and inspection report for each wastewater plant. The utility failed to provide a copy of its most recent water sanitary survey.
6. Rule 25-30.440(6), FAC, requires the utility to submit copies of all health department and DEP construction and operating permits; the utility failed to submit copies of this documentation.
7. Rule 25-30.440(7), FAC, requires the utility to submit copies of any Notices of Violation, Consent Orders, Letters of Notice, or Warning Notices from the health department or the DEP since the utility's last rate case or the pervious five years, whichever is less; the utility failed to provide copies of the any documentation regarding this rule.
8. Rule 25-30.440(8), FAC, requires the utility to provide a list of the responsibilities of all field employees and give an explanation of how each employee's salary is allocated to the utility's capital or expense accounts. The utility failed to provide this data in its application.
9. Rule 25-30.440(9), FAC, requires the utility to explain how its vehicles are allocated to the utility. The utility failed to provide this data in its application.
10. Rule 25-30.440(10), FAC, requires the utility to provide a list, by customer, of all complaints received during the test year, with an explanation of how each complaint was resolved; the utility failed to provide this data in its application.

## Billing Analysis Schedules

Florida Public Service Commission

Company: Park Water Company  
 Docket No.: 050563-WU  
 Test Year Ended: 12/31/04  
 Water  or Wastewater   
 Customer Class:  
 Meter Size:

Schedule: E-14  
 Page 1 of 1  
 Preparer:

Explanation: Provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide number of bills at each level by meter size or number of bills categorized by the number of units. Round consumption to nearest 1,000 gallons & begin at zero. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumpt. Level	Number of Bills	Cumulative Bills	Gallons Consumed (1)x(2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)x(6)]+(5)	Percentage of Total
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SEE ATTACHED SCHEDULE

(2) Upon the filing of a complaint, or during the pendency of a complaint, a party to the agreement may, after written demand to the utility for performance, make payments and perform acts as specified in the utility's service availability policy or as required in the developer's agreement, and the utility shall proceed with its performance pursuant to the service availability policy or developer's agreement pending resolution of the dispute by the Commission. However, the utility may request that the Commission relieve the utility of performance if the utility can show that performance is not in the best interests of its customers.

*Specific Authority 367.121(1), 367.101 FS. Law Implemented 367.101 FS. History--New 6-14-83, Formerly 25-30.56, 25-30.056.*

**25-30.565 Application for Approval of New or Revised Service Availability Policy or Charges.**

- (1) Each application for a service availability policy or charges shall be filed in original and 12 copies.
- (2) Upon filing an application for a new or revised service availability charge or policy, the utility shall provide notice pursuant to Rule 25-30.4345, F.A.C.
- (3) A filing fee as required in Rule 25-30.020, F.A.C., shall be submitted at the time of application.
- (4) Each application shall include the following, if applicable:
  - (a) A statement describing how the notice provisions have been complied with, including a copy of the actual notice(s).
  - (b) The name of the applicant, the applicant's principal place of business and each local office from which company operations are conducted. The applicant's name shall be as it appears on the certificate issued by the Commission if one has been issued.
  - (c) The number of the Commission order, if any, which previously considered the charges or service availability policy for the system involved.
  - (d) A statement explaining the basis for the requested changes in charges and conditions.
  - (e) A schedule showing the original cost of any existing treatment plants, the water transmission and distribution system, and the sewage collection system, by Uniform System of Accounting account numbers as required by Rule 25-30.115, F.A.C., and the related capacity of each system as of 90 days prior to application.
  - (f) A detailed statement of accumulated depreciation for the plant listed in paragraph (e) above as of 90 days prior to application.
  - (g) A schedule showing the number of active customers on line 90 days prior to the time of application by meter size, by customer class, and the related equivalent residential connections (ERC) as defined in subsection 25-30.515(8), F.A.C. Describe the method by which an ERC is defined.
  - (h) A detailed statement defining the capacity of the treatment facilities in terms of ERCs as used in developing the proposed service availability charges.
  - (i) A detailed statement defining the capacity of the distribution or collection system in terms of ERCs as used in developing the proposed service availability charges.
  - (j) Provide a list of outstanding developer agreements.
  - (k) For each developer agreement state whether the agreement is designed to result in contributed property, other than the approved system capacity charge, within the next 24 months; an estimate of the value of the contributed property to be added to the utility's books; and a description of the property.
  - (l) A schedule showing total collections of contributions-in-aid-of-construction (CIAC) as of 90 days prior to the date of application. Detail any prepaid CIAC by amount, the related reserved ERCs, and the anticipated connection date. Reference any appropriate developer agreements.
  - (m) A detailed statement of accumulated amortization of CIAC as listed in (l) above as of 90 days prior to application.
  - (n) Copies of approvals or permits for construction and operation of treatment facilities.
  - (o) A detailed statement by a registered professional engineer showing the cost, by Uniform System of Accounting account numbers, and capacity of proposed plant expansion, and a timetable showing projected construction time.
  - (p) A detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing systems.
  - (q) If the expansion or plant upgrading is being undertaken to comply with the mandates of local, state or federal regulatory authorities, copies of the order(s) or correspondence directing the expansion or upgrading.
  - (r) A schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity.
  - (s) A summary schedule of how the proposed service availability charge was calculated.
  - (t) A schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type.
  - (u) A statement of the existing and proposed on-site and off-site main installation charges or policy.
  - (v) The company's present capital structure, including the cost of debt in the present capitalization. The availability and cost of other sources of financing the proposed expansion or upgrading of the system also shall be given.
  - (w) An original and three copies of the proposed tariff sheets.
- (5) Upon filing of the application and supporting exhibits, the utility shall place copies thereof at its local office of the utility serving the area affected by the charges and conditions, and such copies shall be made available for public inspection.
- (6) Each utility shall demonstrate the appropriateness of the requested service availability charges and conditions.