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Public Service Commission

August 2, 2006

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Mr. M. Ronald Spenny
531 Matilda Place
Longwood, FL 32750-3301

Re: Your letter dated July 13, 2006 requesting that you be placed on the interested party list regarding Utilities, Inc. of Longwood.

Dear Mr. Spenny:

I have been asked to respond to your above-noted letter of July 13, 2006, in which you ask to be placed on the interested party list. A review of the Commission's files shows that at this time there are no open rate case dockets for this division of Utilities, Inc.

This specific division, Utilities, Inc. of Longwood, did open a rate case docket, Docket No. 050846-SU, as of October 28, 2005. Because I was assigned to that case, your letter was sent to me for a response. However, that docket was closed on February 10, 2006, when the utility withdrew the rate increase request. No other rate case dockets are pending for Utilities, Inc. of Longwood.

I have talked with a supervisor in our Commission Clerk's office, and she advises me that there is no procedure that they have to put you on some kind of standing list to be on the interested party list in the event that the utility does file for another rate increase. However, in all but a few of the different types of rate cases, the Commission does hold a customer meeting or hearing, and the utility is required to notify all its customers of the proposed rate increase request. Therefore, except in rare circumstances, you would be advised of any requested rate increase, and be allowed to participate.

I have further reviewed the history of the filings of this utility, and can find only one other rate case that was docketed for this utility over the last five years. I believe the seven straight rate increases that you are talking about are what is known as "price index" increases. These do not require customer meetings, are provided for by the legislature in Section 367.081(4)(a), Florida Statutes, and are available to almost all water and wastewater utilities who have satisfactory quality of service and are not involved in a current rate case. They are designed to keep the utility abreast of inflation, reduce rate case shock, and reduce the need for full-blown rate cases which can prove to be

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very costly. The Commission determines the inflationary costs for certain operating costs on or before March 31 of each year and, pursuant to the statute, provides a means by which a utility may increase its rates for this inflation. The percentage rate increase varies with inflation but usually runs about two or three percent.

A generic docket is kept open for consideration of the appropriate price index increase (or decrease). The current docket is Docket No. 060005-WS, and is entitled, "Annual re-establishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S."

Based on all the above, I will take no further action on your July 13th letter. If you have any questions, you may contact me at 850-413-6234, or e-mail me at RJaeger@PSC.State.FL.US.

Sincerely,



Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of the Commission Clerk and Administrative Services (Docket No. 050846-SU)
Division of Economic Regulation (Rendell)