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State of Florida



Public Service Commission

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COMMISSION  
CLERK

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

DATE: August 10, 2006

TO: Lisa Polak Edgar, Chairman

FROM: Timothy J. Devlin, Director, Division of Economic Regulation  
Mary Anne Helton, Attorney Supervisor, Office of the General Counsel *TD by [signature]*

RE: Docket No. 060540-WU - Application of Colonial Manor Utilities for an increase in water rates in Pasco County - Test Year Approval

By letter dated July 24, 2006, Colonial Manor Utilities (Colonial Manor) requested approval to use a projected test year ended December 31, 2007, for a water 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.

Colonial Manor states it is in need of major capital improvements. Colonial Manor's annual revenues are above \$150,000 and therefore the utility does not meet the statutory threshold for a staff assisted rate case. Further, the utility indicates that the proposed projected test year will provide the Commission with the information necessary to evaluate the costs the utility has and is expected to incur to keep its water system operating in compliance with applicable rules and regulations.

By Order No. PSC-03-1250-PAA-WU, issued November 6, 2003, the Commission approved the utility's present rates and charges. Staff believes the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for calendar years 2004 and 2005. Based on our review, we believe the utility is not experiencing significant growth and is proposing to improve its water system providing service to existing customers. Therefore, its requested projected test year should be approved. Since this is a small Class C utility, the utility is instructed to file the MFRs no later than December 22, 2006.

- c: Dr. Mary Bane, Executive Director
- Betty Ashby
- Division of Economic Regulation (Bulecza-Banks, Rendell)
- Office of the General Counsel (Brubaker)
- ~~Division of the Commission Clerk and Administrative Services~~

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