

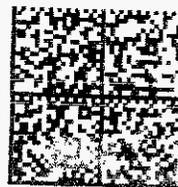
050449-WU

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Pasco County by Dixie Groves Utility
Company.

DOCKET NO. 050449-WU
ORDER NO. PSC-09-0648-FOF-WU
ISSUED: September 25, 2009

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

ORDER CLOSING DOCKET

BY THE COMMISSION:

Dixie Groves Utility Company, Inc. (Dixie Groves or Utility) is a Class C water utility located in Pasco County serving approximately 341 water customers. In 1973, the Utility was issued Water Certificate No. 139-W.¹ Wastewater service is provided by Pasco County Utilities. The Utility's 2008 annual report reflects operating revenues of \$82,806 and an operating income of 4,859.

In 2004, we approved the transfer of the facilities of Dixie Groves Estates, Inc. to Dixie Groves Utility Company a Division of Community Utilities of Florida, Inc. The Utility is managed by U.S. Water Services Corporation.²

This docket was opened to consider the rate application of the Utility. We have jurisdiction to consider this rate case pursuant to Section 367.0814, Florida Statutes.

Initially, the Utility provided a Capital Improvement Plan outlining pro forma plant additions that it intended to complete. By recommendation dated March 23, 2006, our staff recommended that Dixie Groves be granted Phase II rates once the pro forma plant additions were completed. At the April 6, 2006 Agenda Conference, we did not make a decision on the Phase II rates. Instead, the Utility and the Office of Public Counsel (OPC) agreed to negotiate an agreement in regard to Phase II rates. By Order No. PSC-06-0378-PAA-WU, issued May 8,

¹ See Order No. 5740, issued May 7, 1973, in Docket No. C-73191-W, In Re: Application of Dixie Groves Estates, Inc. for Certificate to Operate an Existing Water System In Pasco County.

² See Order No. PSC-04-0338-PAA-WU, issued March 31, 2004, in Docket No. 030656-WU, In Re: Application for transfer of facilities and Certificate No. 139-W in Pasco County from Dixie Groves Estates, Inc. to Dixie Groves Utility Company a Division of Community Utilities of Florida Inc.

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2006, we approved a Phase I rate increase. Further, it was ordered that the docket remain open to allow our staff to address the issue of Phase II rates.

By letter dated, May 5, 2009, our staff asked Dixie Groves to provide an update with regard to the negotiations with OPC. In its response dated June 3, 2009, the Utility requested that the docket be closed. The Utility indicated that, as agreed, OPC and Dixie Groves had discussed the capital improvements, but had not been able to reach an agreeable reduced cost solution that would be acceptable to the local Fire Marshall and also provide less rate impact to the ratepayers.

Further, the Utility revealed that it had been in negotiations with the Florida Governmental Utility Authority (FGUA) and Pasco County for possible purchase of Dixie Groves, and that a sale appeared to be imminent. Dixie Groves asserts that the purchase of the Utility by FGUA would gain access to Pasco County's water supply at a reduced rate not previously available to Dixie Groves as an independent system. In its letter the Utility states that OPC agrees that the need to make the capital improvements, at this time, would not be a prudent cost to the Utility or the ratepayers due to possible sale of the system. As a result, the Utility indicated that it is not proceeding with the pro forma plant additions, and requested the docket be closed because Phase II rates are no longer being considered.

Because the Utility has indicated it is not moving forward with the pro forma plant additions, Phase II rates are no longer applicable, and there are no further actions required. Therefore, the docket shall be closed.

In consideration of the above, it is

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 25th day of September, 2009.

ANN COLE
Commission Clerk

By: Dorothy E. Menasco
Dorothy E. Menasco
Chief Deputy Commission Clerk

(S E A L)

RRJ