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Public Service Commission

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COMMISSION
CLERK

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

DATE: December 29, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Roberts, Brown, Daniel, Fletcher, Hudson, Maurey)
Office of the General Counsel (Jaeger) *BJ* *JSC* *CRB*

RE: Docket No. 100439-WS – Application for approval of revised service availability policy and charges by Rainbow Springs Utilities, L.C.

AGENDA: 1/11/11 – Regular Agenda – Tariff Suspension – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 1/11/11 (60-day Effective Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100439.RCM.DOC

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Case Background

Rainbow Springs Utilities, L.C. (Rainbow or Utility) is a Class B utility providing water and wastewater service to approximately 2,432 water (including 946 irrigation customers) and 1,480 wastewater customers in Marion County. The Utility is located in the Northeast Water Use Caution Area of the Saint Johns River Water Management District. According to its 2009 annual report, Rainbow reported revenues of \$524,983 and \$541,811 for water and wastewater, respectively. The Utility reported water operating expenses of \$400,893 and wastewater operating expenses of \$422,266.

Rainbow was granted Certificate Nos. 355-W and 311-S in 1982.¹ The Commission last established rates for Rainbow in 1995.² The Utility amended its certificates to include additional territory in 1997.³

On November 12, 2010, Rainbow filed an application to revise its service availability policy and paid the appropriate filing fee. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

¹ See Order No. 10846, issued on June 3, 1982, in Docket No. 810352-WS, In re: Application of Rainbow Springs Utilities, Inc. for a water and sewer certificate in Marion County, Florida.

² See Order No. PSC-96-1229-FOF-WS, issued on September 30, 1996, in Docket No. 950828-WS, In re: Application for rate increase in Marion County by Rainbow Springs Utilities, L.C.

³ See Order No. PSC-98-1083-AS-WS, issued on August 10, 1998, in Docket No. 971621-WS, In re: Application for amendment of certificates Nos. 355-W and 311-S to include additional territory in Marion County by Rainbow Springs Utilities, L.C.

Discussion of Issues

Issue 1: Should Rainbow Springs Utilities, L.C.'s proposed tariff sheets to revise its service availability charges and to implement a new service availability policy for its water and wastewater division be suspended?

Recommendation: Yes, Rainbow's proposed tariff sheets to revise its service availability charges and to implement a new service availability policy for its water and wastewater division should be suspended pending further investigation by staff. (Roberts, Brown)

Staff Analysis: Pursuant to Section 367.091(5), F.S., the tariff sheets proposed by the utility shall become effective within sixty (60) days after filing, unless the Commission votes to withhold consent of the request.

Section 367.091(5), F.S., states that the Commission may withhold consent to the operation of any or all portions of new rate schedules, by a vote to that effect within 60 days giving a reason or statement of good cause for withholding that consent. If the Commission does not withhold consent, the proposed tariff may go into effect after 60 days.

Staff has reviewed the filing and has considered the Utility's proposed charges, and the information filed in support of the application. We believe it is reasonable and necessary to require further amplification and explanation of this data and to allow time for the production of corroborative information, if necessary. Our review of the application will include further examination by staff engineers and rate analysts. Therefore, staff recommends that the proposed tariff sheets to revise the Utility's service availability charges and to implement a new service availability policy for its water and wastewater division be suspended pending further investigation by staff.

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Issue 2: Should the docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the Utility's requested new main extension fees and revised service availability policy to increase plant capacity charges for both water and wastewater classes of service. (Jaeger, Roberts, Brown)

Staff Analysis: The docket should remain open pending the Commission's final action on the Utility's requested new main extension fees and revised service availability policy to increase plant capacity charges for both water and wastewater classes of service.