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CK# 21315 #2000.00 wastewater 9/26/11 VM

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION RECEIVED-PPSC  
DATE DEPOSIT 11 SEP 26 PM 4:00

In re: Application of MAD HATTER )  
UTILITY, INC. for a Rate Increase )  
in Pasco County, Florida )  
\_\_\_\_\_ )

SEP 28 2011 2 0 0 .

COMMISSION CLERK

DOCKET NO. 100337-WS

APPLICATION FOR INCREASE IN RATES

Applicant, MADHATTER UTILITY, INC. (hereinafter "MHU," "Mad Hatter," the "Utility", or the "Applicant"), by and through its undersigned attorneys and pursuant to Section 367.081, Florida Statutes, and Chapter 25-30, Florida Administrative Code, files this Application for water and wastewater rate increases in Pasco County, Florida.

I. Preliminary Matters

The following information is provided pursuant to Rule 25-30.436, Florida Administrative Code:

1. a) The address of the Utility is:

Mad Hatter Utility, Inc.  
2348 Raden Drive  
Land O' Lakes, FL 34639

The name and address of the person authorized to receive notices and communications in respect to this application is:

F. Marshall Deterding, Esquire  
Rose, Sundstrom & Bentley, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301  
Phone: (850) 877-6555 Fax: (850) 656-4029  
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(b) Mad Hatter Utility, Inc. is a Florida corporation incorporated in Florida on March 1, 1978. The names of the persons owning more than 5% of the Utility's stock are:

Larry and Janice DeLucenay	100%
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(c) The Utility last filed for general rate relief with the Florida Public Service Commission in October of 1991. The last general rate increase request for MHU was approved by the Florida Public Service Commission by Order No. PSC-93-0295-FOF-WS issued in Docket No. 910637-WS on February 24, 1993.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending is:

Mad Hatter Utility, Inc.  
2348 Raden Drive  
Land O' Lakes, FL 34639

(e) The Utility is requesting rates which would allow it to recover all expenses that the Utility will incur on a going-forward basis, and generate a fair rate of return on its investment. The Utility is seeking rate relief in order to allow it to recover its expenses and earn a fair rate of return on its investment in all property considered 100% used and useful in the public service.

In an attempt to simplify this case as much as possible and to keep costs to a minimum, the Utility is seeking only final rate relief based upon a historic test year ended December 31, 2010 with the addition of one set of proforma adjustments related to the Utility's completion of the needed non-revenue producing improvements to its water systems deemed necessary and prudent by the Utility's Consulting Engineer.

The Utility has been attempting to plan for the long-term provision of efficient, effective and quality service to its ratepayers in light of its need to provide for fire flow; peaking factors, and in light of its recently approved Water Use Permit with no change in allocation. The Utility's Consulting Engineer has determined that substantial improvements to the Utility's water system are necessary. These form the basis for the proforma adjustments that constitute the great majority of the underlying costs related to this rate increase. As a result of strong recommendations from its Consulting Engineer, the Utility has met with both commercial lenders and investment bankers and has been assured that financing of the needed improvements will be available in the relatively near future. After financing is secured, the Utility will enter into a formal construction contracts; file and undergo permitting at both the state and local levels; and will then begin construction of the facilities. In total, the Utility expects these facilities to be completed and in service within 24 months of the date of filing of this Application. The Utility has already been in numerous detailed discussions with the Contractor who has provided the estimates utilized in this filing, to form the basis for the required rate increase, in conjunction with the Utility's Consulting Engineer's analysis and opinions as outlined in the attached exhibits. A detailed explanation by this Licensed Professional Engineer of the need for these improvements is contained within **Exhibit "A"** hereto.

The Utility is hereby requesting that the needed rate increase outlined in the attached exhibits be implemented immediately after their completion, in order to avoid incurring any additional costs in the form of capitalized interests, while awaiting final Commission authorization to proceed.

- (f) The Utility is not seeking interim rates.

(g) An Affidavit signed by the President of the Utility that the Utility will comply with Rule 25-22.0407, F.A.C., is provided herewith as **Exhibit "B"**.

(h) The Utility requests that this case be processed using Proposed Agency Action as outlined in Section 367.081(8), F.S. The Applicant has chosen the Proposed Agency Action process rather than proceeding directly to hearing in hopes that because the case is predicated solely on needed improvements to the system, which consists primarily of looping the Utility's water system, that there will be no protests. If there will be no protests, this case can be concluded without undue expenditure of time or money.

2. The appropriate filing fee in accordance with Rule 25-30.020(2) is \$3,500 for water based upon the Utility having the existing capacity to serve between 2,000 and 4,000 ERCs during the test year. The appropriate filing fee for wastewater is \$2,000 based upon the Utility having the existing capacity to serve between 501 and 2,000 ERCs during the test year. A check for the total amount of \$5,500 is attached.

## II. Additional Information

Sixteen copies of the Utility's Financial (Volume I) and two copies of the Rate and Engineering Minimum Filing Requirements (Volume II and Volume IIIA, IIIB, and IIIC) (Form PSC/WAW 20). All of these documents together are provided herewith as **Composite Exhibit "C"** consisting of three volumes.

## III.

The Utility is not aware of any deviations from policies, procedures, and guidelines prescribed by the Commission in the relevant rules or in the Utility's last rate case.

IV.

There has been one parcel of new land for treatment facilities recorded on the Utility's books since the Utility's last rate proceeding. This property was acquired in June of 2000 from the Florida DOT as a replacement water well site. It is currently utilized in providing service to customers of the Applicant. Copies of the document which shows that the Utility owns this land is attached hereto as **Exhibit "D."**

V.

Two copies of the Billing Analysis Schedules as required by Rule 25-30.437(4) are provided herewith as **Volume II of Composite Exhibit "C."**

VI.

Two copies of the Additional Engineering Information required by Rule 25-30.440(2)-(10), F.A.C. are provided herewith as **Volumes III (a), (b) and (c) of Composite Exhibit "C."**

VII.

One copy of a detailed system map as required by Section 25-30.440(1)(a) and (b) is included in electronic form as **Exhibit "E"**.

VIII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed final rates are attached hereto as **Exhibit "F"**.

IX.

The historic balances in the attached financial statements tie to the annual report balances. As such, a reconciliation of the annual report to the trial balance and MFRs is inapplicable and is not included.

X.

The Utility requests that the Commission not withhold consent to the effectiveness of the proposed final water rate increase as requested in this Application, in accordance with the schedules contained in **Volume I of Composite Exhibit "C"** and the tariffs contained in **Exhibit "F."**

WHEREFORE, the Utility requests that the Florida Public Service Commission do the following:

1. Accept jurisdiction of this Application to grant an increase in water and wastewater rates utilizing the Proposed Agency Action (PAA) procedure outlined in Section 367.081(8), F.S.
2. Grant final rates as requested herein and contained in the tariffs included in **Exhibit "F"**.
3. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 26<sup>th</sup> day of  
September, 2011, by:

ROSE, SUNDSTROM & BENTLEY, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301  
(850) 877 - 6555



F. MARSHALL DETERDING  
For the Firm