

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** March 23, 2006

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

**FROM:** Division of Economic Regulation (Revell, Rendell)  
Office of the General Counsel (Jaeger)

**RE:** Docket No. 050586-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

**AGENDA:** 04/04/06 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Tew

**CRITICAL DATES:** 05/02/07 (15-Month Effective Date (SARC))

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\050586.RCM.DOC

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### Case Background

Crooked Lake Park Sewerage Company (Crooked Lake or the utility) is a Class C wastewater utility serving 430 wastewater customers in Polk County. According to the utility's 2004 Annual Report, total gross revenue was \$121,303, and total operating expenses were \$126,288. On September 6, 2005, the utility filed its application for a staff assisted rate case, and requested a test year ending September 30, 2005. The utility paid the required filing fee of \$1,000 on January 31, 2006. The purpose of this recommendation is to address the closure of this docket. The Commission has jurisdiction pursuant to Section 367.0814, Florida Statutes.

### **Discussion of Issues**

**Issue 1:** Should Crooked Lake's application for a staff assisted rate case be denied and the docket closed?

**Recommendation:** Yes, the utility's application should be denied and the docket should be closed. Additionally, the utility's filing fee of \$1,000 should not be refunded. (Revell, Rendell)

**Staff Analysis:** As noted above, the utility filed its request for a staff assisted rate case in September 2005, and requested a September 30, 2005 test year. On October 4, 2005, the utility was notified that it was eligible for a staff assisted rate case. However, due to the ill health of the owner, Mr. Kenneth Knowlton, the utility has been unable to respond to staff requests for accounting information, and the scheduling of the engineering evaluation. The field auditor has also been in contact with the utility's CPA in a further attempt to obtain the required information. However, due to Mr. Knowlton's illness, the books and records of the utility have not been updated since June 30, 2005.

Staff was previously in frequent contact with the owner concerning his filing during the last few months of 2005. However, the audit staff and engineering staff have had difficulty contacting the owner since the beginning of 2006. Tallahassee and field staff have made many attempts to contact Mr. Knowlton or other representatives of the utility by telephone or pager and messages have not been returned. On one occasion, however, Mr. Knowlton, did indicate he would meet the auditor at the utility but Mr. Knowlton never arrived.

Rule 25-30.145(2), Florida Administrative Code, requires "that company responses to audit requests for access to records shall be fully provided within the time frame established by the auditor". Because of his illness, Mr. Knowlton has not updated the utility records through the last three months of the utility's requested test year. Staff does not believe the audit or recommendation can be prepared without the input of Mr. Knowlton. Since staff is unable to review or analyze the accounting and engineering documentation necessary to properly determine revised rates for Crooked Lake, staff recommends that this docket be closed.

In determining whether a filing fee should be returned, staff reviews the expenses incurred by staff. In this case, staff has calculated that Tallahassee and field personnel have spent approximately 68 hours reviewing the associated accounting and engineering information available, including travel time to the utility on three separate days. Due to the amount of staff time devoted to this docket, staff recommends that the \$1,000 filing fee not be refunded.

Since the utility has been unable to provide staff with the required accounting documentation for the field auditors or Tallahassee staff to properly review this application, and the utility has not indicated when the required documentation will be provided, staff recommends that this docket be closed and the utility's filing fee not be refunded. Once the utility owner is prepared to assist staff with the processing of subsequent rate case requests, he may resubmit an application for a new staff assisted rate case.