

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-

DATE: May 8, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Bulecza-Banks, Kyle, Fletcher)
Office of the General Counsel (Klancke)

RE: Docket No. 070694-WS – Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.
County: Orange

AGENDA: 05/20/08 – Regular Agenda – Decision on Suspension of Rates – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: 05/30/08 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070694.RCM.DOC

Case Background

Wedgefield Utilities, Inc. (Wedgefield or Utility) is a Class B utility providing water and wastewater service to approximately 1,597 water and 1,575 wastewater customers in Orange County. Water and wastewater rates were last established for this Utility in its 1999 rate case.¹

On March 31, 2008, Wedgefield filed its application for a water rate increase at issue in the instant docket. The Utility's application did not meet the minimum filing requirements (MFRs). As of the filing of this recommendation, those deficiencies remain outstanding. The

¹ See Order No. PSC-02-0391-AS-WU, issued March 22, 2002, in Docket No. 991437-WU, In re: Application for increase in water rates in Orange County by Wedgefield Utilities, Inc.

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Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and did not request interim rates. The test year established for interim and final rates is the 13-month average period ending June 30, 2007. Wedgefield requested a final revenue increase of \$446,607 (58.66%) for water.

This recommendation addresses the suspension of Wedgefield's requested final rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Utility's proposed final water rates be suspended?

Recommendation: Yes. Wedgefield's proposed final water rates should be suspended. (Kyle)

Staff Analysis: Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates by a vote to that effect within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff recommends that it is necessary to require further investigation of this information, including on-site investigations by staff accountants and engineers. Based on the foregoing, staff recommends that it is appropriate to suspend the Utility's proposed rate increase.

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Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Klancke, Kyle)

Staff Analysis: The docket should remain open pending the Commission's final action on the Utility's requested rate increase.