

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: October 16, 2008

TO: Office of Commission Clerk (Cole)

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

RE: Docket No. 070627-WU – Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

AGENDA: 10/28/08 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Skop

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070627.RCM.DOC

Case Background

Raintree Utilities, Inc. (Raintree or Utility) is a Class C water utility providing service to approximately 124 customers in Lake County. The Utility has two distinct service areas which include the Raintree Harbor and Bentwood subdivisions. At this time, Raintree does not have any customers connected to its Bentwood water system. Wastewater service is provided through septic tanks. According to Raintree's 2006 Annual Report, the Utility reported operating revenues of \$45,950 and a net operating income (loss) of \$600.

On September 27, 2007, Raintree filed an application for a staff assisted rate case in this docket. The official filing date was established as November 23, 2007. In its application, Raintree requested authority to increase its plant capacity charge from \$800 to \$2,900. By Order

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No. PSC-07-0981-PCO-WU, issued December 10, 2007, the Commission approved a temporary plant capacity charge of \$2,900, subject to refund with interest pending the determination of final rates and charges in this proceeding.

By Order No. PSC-08-0483-PAA-WU (PAA Order), issued July 25, 2008, the Commission approved a \$2,600 plant capacity charge. The PAA Order was consummated by Order No. PSC-08-0573-CO-WU, issued September 4, 2008. Staff has verified that the Utility only collected one plant capacity charge of \$2,900, of which \$2,100 was deposited in the escrow account. The Utility had an approved charge of \$800 prior to the temporary plant capacity charge of \$2,900, so only the difference was deposited into the escrow account. The \$2,900 plant capacity charge was paid by M/I Homes of Lake County, LLC. The disposition of the escrow account established by Order No. PSC-07-0981-PCO-WU should have been addressed in staff's proposed agency action (PAA) recommendation filed on June 19, 2008, for this docket. Staff inadvertently failed to include a recommendation on the disposition of the escrow account.

This recommendation addresses the release of the escrow account. The Commission has jurisdiction pursuant to Sections 367.0814, 367.101, and 367.121, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission release the funds escrowed which were required by Order No. PSC-08-0483-PCO-WU?

Recommendation: Yes. The Utility has refunded the difference between one temporary charge of \$2,900, and the Commission approved final plant capacity charge of \$2,600. As such, the escrow account funds should be released to Raintree and the escrow account should be closed. (Roberts, Fletcher, Hartman,)

Staff Analysis: As stated in the case background, staff inadvertently did not address the disposition of the escrow account in its PAA recommendation filed on June 19, 2008. Staff has verified that the Utility only collected one plant capacity charge of \$2,900, of which \$2,100 was deposited in the escrow account. The \$2,900 charge was paid by M/I Homes of Lake County, LLC (M/I Homes). Staff verified that Raintree has made the appropriate refund to M/I Homes. Therefore, staff recommends that the escrow account funds should be released to Raintree and the escrow account should be closed.

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Issue 2: Should this docket be closed?

Recommendation: Yes. The docket should be closed. (Hartman, Roberts, Fletcher)

Staff Analysis: There are no pending issues for the Commission to address in this docket, and the docket should be closed.