

SPECIAL REPORT



OCTOBER 2000 NO. 19

Application for an Increase in Water Rates by
Placid Lakes Utilities, Inc.
Highlands County

On August 11, 2000, Placid Lakes Utilities, Inc. (Placid Lakes or utility) officially filed an application for an increase in its water rates with the Florida Public Service Commission (PSC or Commission). Placid Lakes provides water service to approximately 1,440 customers in Highlands County.

In its application, the utility states that it is not generating enough revenue to provide any return on its investment. The utility also states that the primary reason for the continued deterioration of returns arises from costs of plant additions which have been added since 1995.

Placid Lakes' last rate proceeding was a staff-assisted rate case in 1995. On April 30, 1998, Placid Lakes received a statutory 1998 price index rate adjustment of 2.10%. Further, on June 14, 2000, the utility decreased its water rates for the four-year rate case expense as ordered in the utility's rate case.

In its 1999 annual report, the utility reported operating revenues of \$261,784 for water, and a net operating loss of \$80,698. In its filing, the utility is using a historical test year ending December 31, 1999. A "test year" is a 12-month operating period the PSC uses in a utility rate case to evaluate the cost of providing service and the adequacy of the rates a utility is charging or proposing to charge its customers.

The current rate case is being processed under the PSC's "Proposed Agency Action" (PAA) procedure. Under the PAA process, the case will not be set for a formal Commission hearing unless a timely protest to the Commission's PAA order is filed.

The customer meeting listed on the right side of this report is being conducted in the utility's service area to hear and respond to customer comments on quality of service, rate structure and the utility's proposed rate increase. In accordance with Florida Statutes, the PSC will consider the utility's quality of service and other matters in this case.

PSC staff is scheduled to make a recommendation to the Commission on December 20, 2000, and the Commission vote is scheduled for the January 2, 2001, Agenda Conference.

CUSTOMER MEETING

DOCKET NO. 000295 - WU

Tuesday, October 24, 2000 - 6:00 p.m.
Lake Placid High School - Commons Area
202 Green Dragon Drive
Lake Placid, FL

PSC Staff & Reference Numbers

For technical information, contact:

Patricia Merchant (850) 413-6918
Bob Crouch (850) 413-6946
Connie Binford (850) 413-7011

For legal information, contact:

Jennifer Brubaker (850) 413-6228

For general information, contact:

Thelma Crump (850) 413-7087
Robby Cunningham (850) 413-6129
or call toll-free 1-800-342-3552
1-800-511-0809 to fax

E-Mail: contact@psc.state.fl.us

Internet Home Page: <http://www.floridapsc.com>

In addition to the customer meeting, the Commission staff will be available at 2:00 p.m. on October 24, 2000, at the Lake Placid High School Media Center to meet with individual customers and homeowners who desire a more in-depth discussion of the issues. Appointments may be set up by contacting Connie Binford at (850) 413-7011 prior to October 24, 2000.

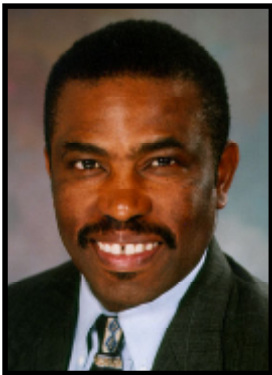
All persons who wish to participate in the 2:00 p.m. session are urged to make an appointment, since the session may be canceled if no customers sign up.

PSC Commissioners



J. Terry Deason

Chairman Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Chairman Deason was then reappointed by Governor Jeb Bush to his current term, which ends in January 2003. He first served as Commission Chairman from January 1993 to January 1995, and is currently completing a term of chairmanship that ends in January 2001. Chairman Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and its Utility Association Oversight Committee. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Chairman Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received a bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.



E. Leon Jacobs, Jr.

Commissioner Jacobs was appointed by the late Governor Lawton Chiles to a four-year term beginning January 1998. Prior to his appointment, he was a staff attorney for the House Committees on Tourism and Economic Development, Insurance, and Financial Services in the Florida House of Representatives, where he authored reforms to the state's minority business enterprise programs, as well as managed health insurance and workers' compensation issues. He was staff counsel to the Florida Senate Committee on Reapportionment addressing redistricting issues, which involved support of court appeals of the political districts up through the U.S. Supreme Court. He also was an attorney with the Florida Public Service Commission, where he served as counsel to Commission staff and litigator of administrative proceedings. He is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Consumer Affairs and Committee on Electricity. He is also a volunteer guardian in the Guardian Ad Litem Program (GAL) in the Second Judicial Circuit. Additionally, Commissioner Jacobs formerly chaired NARUC's Ad Hoc Task Force on Y2K Readiness. He also formerly served as President of the Board of Directors of the Tallahassee affiliate of Habitat for Humanity. Commissioner Jacobs is a member of the Florida Bar. He received a bachelor of technology degree, with honors, in data processing from Florida A&M University, and his juris doctor degree from the College of Law at Florida State University. Commissioner Jacobs is married with two children.



Lila A. Jaber

Commissioner Jaber was appointed by Governor Jeb Bush in February 2000 to complete a term ending in January 2001. From April 1999 to November 1999, she served as Assistant to PSC Commissioner Julia L. Johnson. From 1994 to 1999, Commissioner Jaber served as a Bureau Chief with the PSC's Division of Legal Services, Bureau of Water and Wastewater, implementing law and policies on the regulation of more than 1,500 water and wastewater facilities throughout the state of Florida. She also served as an attorney with the Division of Legal Services from 1991 to 1994. Jaber was presented with the PSC's Extraordinary Accomplishment Award in 1993 and was presented the Great Manager Esquire Award by the Florida Bar in 1997. She is a member of the Florida Bar Administrative Law Section, the Florida Bar Government Lawyer Section, the Florida Bar Public Utilities Law Committee, and the Florida Barristers Association. Commissioner Jaber is a court-certified mediator and a member of the Florida Bar and the National Bar Association. She also serves on the National Association of Regulatory Utility Commissioners' Committee on Consumer Affairs and the Committee on Water. She received a bachelor of arts degree in political science and business from Stetson University in DeLand, FL, and a juris doctorate from the Stetson University College of Law in St. Petersburg, FL.



Braulio L. Baez

Commissioner Baez was appointed August 23, 2000, to the Florida Public Service Commission by Governor Jeb Bush, to complete a term ending in January 2002. Prior to his appointment, Commissioner Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He served as Executive Assistant to Florida Public Service Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Commissioner Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Commissioner Baez is a current member of the Florida Bar, American Bar Association, Federal Communications Bar Association, International Municipal Lawyers Association, and the National Association of Telecommunications Officers and Administrators. He is also a past Director of the Hispanic Bar Association, 2nd Judicial District.

Class/ Meter Size	Rates As of 12/31/1999	Rates As of 06/30/2000	Commission Approved Interim Rates	Utility's Proposed Final Rates
<u>Residential</u>				
Base Facility Charge:				
Meter Size				
5/8" x 3/4"	\$7.17	\$7.16	\$10.11	\$11.28
3/4"	\$7.17	\$7.16	\$10.11	\$16.92
1"	\$17.93	\$17.91	\$25.27	\$28.20
1 1/2"	\$35.85	\$35.80	\$50.53	\$56.40
2"	\$57.37	\$57.30	\$80.86	\$90.24
3"	\$114.72	\$114.57	\$161.70	\$180.48
4"	\$179.25	\$179.02	\$252.65	\$282.00
6"	\$358.51	\$358.04	\$505.32	*
8"	\$573.62	\$572.87	\$808.52	*
10"	\$824.58	\$823.50	\$1,162.25	*
12"	\$1,541.60	\$1,539.59	\$2,172.89	*
Gallonage Charge, per 1,000 Gals				
0 to 10,000 gals.	\$1.14	\$1.14	\$1.61	\$2.42
10,001 gals. to 40,000	\$1.14	\$1.14	\$1.61	\$3.63
40,000 gals and over	\$1.14	\$1.14	\$1.61	\$4.84
<u>General Service</u>				
Base Facility Charge:				
Meter Size				
5/8" x 3/4"	\$7.17	\$7.16	\$10.11	\$11.28
3/4"	\$7.17	\$7.16	\$10.11	\$16.92
1"	\$17.93	\$17.91	\$25.27	\$28.20
1 1/2"	\$35.85	\$35.80	\$50.53	\$56.40
2"	\$57.37	\$57.30	\$80.86	\$90.24
3"	\$114.72	\$114.57	\$161.70	\$180.48
4"	\$179.25	\$179.02	\$252.65	\$282.00
6"	\$358.51	\$358.04	\$505.32	*
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10"	\$824.58	\$823.50	\$1,162.25	*
12"	\$1,541.60	\$1,539.59	\$2,172.89	*
Gallonage Charge, per 1,000 Gals				
0 to 10,000 gals.	\$1.14	\$1.14	\$1.61	\$2.68
10,001 gals. to 40,000	\$1.14	\$1.14	\$1.61	\$2.68
40,000 gals and over	\$1.14	\$1.14	\$1.61	\$2.68

*Utility did not request an increase and has no customers for these meter sizes.

Consumer Statements at PSC Meetings

The PSC is interested in what consumers have to say about the request for approval of an increase in water rates in Highlands County by Placid Lakes Utilities, Inc. The main purpose of this meeting is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commission know how you feel about the case under review. Those consumers who wish to speak should arrive early. The meeting will begin as scheduled and continue until all the consumers have been heard.

At the beginning of the meeting, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets, and consumers will be called in the order of those sheets. PSC staff will be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff may do so at the hearings, orally or in writing. Written comments may be sent to the Commission at: Florida Public Service Commission, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. Your letter will be placed in the correspondence file of this docket (Docket No. 000295-WU). For your convenience, a comment form is attached to this Special Report. You may also call the Commission's toll-free number, **1-800-342-3552**, or dial **1-800-511-0809** to fax.

Any person who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so by writing to: Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850.

Florida Public Service Commission *Bureau of* Consumer Information

2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 184
Tallahassee, Florida 32399-0850

The Public Service Commission's Bureau of Consumer Information provides a staff of information specialists who are available to answer questions from the media and from Florida consumers.

To reach a PSC media representative, please call the Bureau of Consumer Information during business hours at (850) 413-6100 or send a fax to 1-800-511-0809. See the PSC's Internet home page at <http://www.floridapsc.com>.

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Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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