

# SPECIAL REPORT



OCTOBER 2000 NO. 17

*Application for a Staff-Assisted Rate Case by*  
**Gem Estates Utilities, Inc.**

On April 20, 2000, Gem Estates Utilities, Inc. filed an application for a staff-assisted rate case with the Florida Public Service Commission (PSC). Gem Estates is a water utility serving approximately 224 customers in the Gem Estates mobile home subdivision of Pasco County.

PSC staff has audited the utility's records for compliance with PSC rules and orders, and has determined the components necessary for rate-setting. The staff engineer also has conducted a field investigation of the utility's plant and service area. In addition, reviews of the utility's operating expenses, maps, files, and rate application were performed to obtain information about the physical-plant operating cost.

The PSC selected a historical test year ending May 31, 2000, for this rate case. (A "test year" is a 12-month operating period the PSC uses in a rate case to review the utility's revenues, expenses, and return on its investment in order to determine the appropriate rates for the utility.) Gem Estates' adjusted test-year revenue was \$12,660 for the test year, while its adjusted operating expenses were \$54,372; this results in a loss of \$41,712 during the test year.

PSC staff's preliminary analysis suggests that Gem Estates should be allowed an annual increase in revenue of \$49,534, or 391.27 percent. This would allow the utility the opportunity to recover its expenses and earn a 9.1-percent return on its investment.

PSC staff is also examining whether Gem Estates should convert its customers from a quarterly billing cycle to monthly billing in order to provide customers with more-current price signals, and to allow customers to budget and adjust their consumption patterns.

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 hearing unless a timely protest to the Commission's PAA Order is filed in writing.

The PSC is conducting a customer meeting on October 19, 2000, in the utility's service area to hear and respond to customer comments on quality of service, rate structure and other comments on the 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 formal recommendation to the Commission on December 7, 2000, and the Commission vote on this matter is scheduled for December 19, 2000.

## CUSTOMER MEETING

DOCKET NO. 000467-WU

**October 19, 2000 - 6:00 p.m.**

Gem Estates Clubhouse,  
located on Elgin Drive  
Zephyrhills, FL

## PSC Staff & Reference Numbers

**For technical information, contact:**

Johnny Butts (850) 413-6920

**For legal information, contact:**

Jennifer Brubaker (850) 413-6228

**For general information, contact:**

Barry Ray (850) 413-6111

or call toll-free 1-800-342-3552

1-800-511-0809 to fax

E-Mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

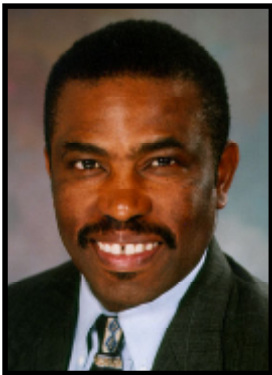
Internet Home Page: <http://www.floridapsc.com>

## 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.

## Step I Flat Water Rates

*Residential and General Service*

|           | Existing Quarterly<br>Rate | Staff's Recommended<br>Monthly Rates |
|-----------|----------------------------|--------------------------------------|
| Flat Rate | \$ 14.13                   | \$ 23.14                             |

## Step II Metered Water Rates

*Residential and General Service*

| Base Facility Charge<br>Meter Sizes | Existing Quarterly<br>Rate | Staff's Recommended<br>Monthly Rates |
|-------------------------------------|----------------------------|--------------------------------------|
| 5/8" x 3/4"                         | N/A                        | \$ 11.91                             |
| 3/4"                                | N/A                        | 17.87                                |
| 1"                                  | N/A                        | 29.78                                |
| 1 1/2"                              | N/A                        | 59.55                                |
| 2"                                  | N/A                        | 95.28                                |
| 3"                                  | N/A                        | 190.56                               |
| 4"                                  | N/A                        | 297.75                               |
| 6"                                  | N/A                        | 595.50                               |
| <b>Gallonge Charge</b>              | N/A                        | \$ 5.01                              |

## Consumer Statements at PSC Meetings

The PSC is interested in what consumers have to say about the application for a staff-assisted rate case in Pasco County by Gem Estates 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. 000467-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.

### *What Is a Staff-Assisted Rate Case?*

Many of the water and wastewater utilities located throughout the state are very small and do not have employees with the financial and engineering expertise to develop the Minimum Filing Requirements for a rate case. Because of their size, it is also not economically feasible for them to hire outside engineers, accountants and attorneys to compile the necessary information without great expense, which may be passed on to customers.

For this reason, the Commission developed a "staff-assisted" rate case program in which small utilities with annual water or wastewater revenues under \$150,000 can request that the PSC staff develop the information for the rate cases. The primary purpose of this type of program is to avoid passing on to the customer, through higher rates, substantial costs of having outside consultants develop rate case data. In a staff-assisted rate case, the PSC staff audits the utility's books and carefully reviews expenditures and operations. PSC engineers and accountants make on-site investigations of the company's operations and service. The PSC staff then prepares an accounting report. After considering the testimony of customers from a customer meeting, a recommendation on rates for each utility is prepared and scheduled for a regular Commission Agenda Conference.

## 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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