

SPECIAL REPORT



JANUARY 2002 NO. 3

Application for a Staff-Assisted Rate Case in Highlands County Harder Hall-Howard, Inc.

On June 11, 2001, Harder Hall-Howard, Inc. (HHH or utility) filed an application for a staff-assisted rate case with the Florida Public Service Commission (PSC or Commission). HHH, a wastewater utility operating in Highlands County, provides wastewater service to approximately 86 residential customers in the Harder Hall development. HHH also serves two 14-unit time-share condominiums, and five general service customers.

The utility's records have been audited by PSC staff for compliance with Commission rules and orders. While PSC staff determined the components necessary for rate setting, a staff engineer conducted a field investigation of the utility's plant and service area. A preliminary review of HHH's operation expenses, maps, company files and rate application was also performed to obtain information about the physical plant operating costs.

The PSC selected a historical test year ending July 31, 2001, for this rate case. A "test year" is a 12-month period used in rate making proceedings to compute current levels of investment and income in order to determine the amount of revenue that will be required to assure a company the opportunity to earn a fair return on its investment. PSC staff adjusts the test year data to properly reflect conditions in the period for which rates are being fixed. HHH's adjusted test year revenues and operating expenses were \$57,752 and \$71,291, respectively. Adjusted operating expenses in excess of adjusted revenues results in an operating loss of \$13,539 for the wastewater system.

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 proposed agency action is filed.

The PSC is conducting a customer meeting on January 16, 2002, in the utility's service area to hear and respond to customer comments on the utility's quality of service and 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 recommendation to the Commission on February 21, 2002. The Commissioners are expected to vote on this matter at the March 5, 2002, Agenda Conference.

CUSTOMER MEETING

DOCKET NO. 010828-SU

Wednesday, January 16, 2002

6:00 p.m.

Harder Hall-Howard Clubhouse
3600 Golfview Road
Sebring, Florida

PSC Staff & Reference Numbers

For legal information, contact:

Larry Harris (850) 413-6076

For technical information, contact:

Ryan Fitch (850) 413-6928

Marshall Willis (850) 413-6914

For general information, contact:

Bridget Hoyle (850) 413-6111

Or call toll-free 1-800-342-3552
(1-800-511-0809 to fax)

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

Internet Home Page: www.floridapsc.com

PSC COMMISSIONERS



Chairman Jaber

Chairman Jaber was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush in February 2000 to complete a term ending in January 2001. She was reappointed by Governor Jeb Bush for a term ending in January 2005. Chairman Jaber serves on the National Association of Regulatory Utility Commissioners' Committee on Telecommunications and the Committee on Consumer Affairs. Chairman Jaber chairs the Federal-State Joint Conference on Advanced Services created by the Federal Communications Commission (FCC) to promote the rapid deployment of advanced services to all Americans. In July 2001, she was appointed to the Federal-State Joint Board on Universal Service created to promote the availability and access to quality telecommunications services at just, reasonable and affordable rates throughout the Nation. Chairman Jaber has served as co-chair of the e-Infrastructure Subcommittee for the Information Service Technology Development Task Force (ITFlorida.com) and is a current member of the Florida Research Consortium, the affiliate of ITFlorida.com created as a partnership between Florida's universities and technology sectors to focus on high-tech research and development and collaboration between researchers and Florida's high-tech entrepreneurs. Chairman Jaber is a court-certified mediator and a member of the Florida Bar. Chairman Jaber received a bachelor of arts degree in political science and business from Stetson University in DeLand, Florida, and received a juris doctorate from the Stetson University College of Law in St. Petersburg, Florida.



Commissioner Deason

Commissioner 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. Commissioner Deason was then reappointed by Governor Jeb Bush to his current term, which ends in January 2003. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner 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, Commissioner 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 his 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.



Commissioner Baez

Braulio L. Baez was appointed to the Florida Public Service Commission by Governor Jeb Bush on August 23, 2000, to complete a term ending January, 2002. He was then reappointed by the Governor to a four year term ending January, 2006. 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 was Executive Assistant to 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 serves on the National Association of Regulatory Utility Commissioners' Committees on Electricity and International Relations and is President of the Southeastern Association of Regulatory Utility Commissioners. He was appointed to the North American Electric Reliability Council, and is a 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 a past Director of the Hispanic Bar Association, 2nd Judicial District.



Commissioner Palecki

Commissioner Palecki was appointed to the Florida Public Service Commission by Governor Jeb Bush on November 20, 2000, to complete a term ending in January 2003. From 1995 until his appointment, Commissioner Palecki was Manager of Regulatory Affairs for NUI Corporation, where he practiced before the New York, Pennsylvania, Maryland, North Carolina and Florida Public Service Commissions. He also served as Secretary of the Associated Gas Distributors of Florida, and was on the Board of Directors of the Florida Natural Gas Association. From 1989 to 1995, Commissioner Palecki was an attorney for the Florida Public Service Commission, and was promoted to Chief of the Electric and Gas Bureau in the Legal Division in 1990. Prior to that, he was an attorney for the State Fire Marshal's Office, where he prosecuted arsons and fire-related murders statewide. He also worked with a major law firm, where he represented 23 insurance companies in over 100 arson and fraud cases. He became president of the Florida Advisory Committee on Arson Prevention, and was a founding partner of FireDogs, a company that pioneered the training and use of canines to "sniff" for evidence of arson at fire scenes. Commissioner Palecki also worked for the State Attorney's Office in Polk County, and for the Florida Attorney General's Office, where he argued and won over 300 criminal cases, including the U.S. Supreme Court case of *Tibbs v. State*, preserving Florida's right to retry defendants after appellate reversal of conviction. He serves on the National Association of Regulatory Utility Commissioners' Committee on Water. Commissioner Palecki is a 1976 graduate of the Stetson University College of Law. He is a member of the Florida Bar and is admitted to practice in several federal courts, including the U.S. Supreme Court.



Commissioner Bradley

Commissioner Bradley was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 8, 2002. Prior to his appointment to the Commission, Commissioner Bradley served as a member of the Florida Legislature for seven years representing District 55 which includes Pinellas, Manatee and Hillsborough Counties. As a member of the Legislature, he served as the Vice Chairman of the Utilities and Telecommunications Committee and as the Chairman of the Select Committee on Energy Restructuring. Commissioner Bradley also served as the Chairman of the Business Development and International Trade Committee and Chairman of the Economic Development Council. As a legislator, Commissioner Bradley maintained a special interest in improving Florida's educational system and expanding business opportunities for all citizens. Commissioner Bradley earned his Bachelor of Science Degree from the University of Tampa and his Masters Degree from the University of Michigan. He served as an educator in Pinellas County for several years and he developed several private enterprises involving real estate and livestock.

Consumer Statements at PSC Meeting

The PSC is interested in what consumers have to say about the application for a Staff-Assisted Rate Case in Highlands County by Harder Hall-Howard, 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 meeting, orally or in writing. Written comments also may be sent to the Commission at: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. Your letter will be placed in the correspondence file of this docket (Docket No. 010828-SU). 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 the Commission Clerk and Administrative Services, 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 required 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 PSC 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 Outreach

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

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

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

Wastewater Rates

RESIDENTIAL

Base Facility Charge Meter Sizes:	Existing Rates	Staff's Preliminary Rates
All Meter Sizes	\$ 19.63	\$ 23.32
Gallonge Charge Per 1,000 Gallons (10,000 gallon cap)	\$ 2.15	\$ 3.54
Customer Deposits All Meter Sizes	\$ N/A	\$ 80.00
Late Payment Charge All Meter Sizes	\$ N/A	\$ 3.00

GENERAL & MULTI-RESIDENTIAL SERVICE

Base Facility Charge Meter Sizes:	Existing Rates	Staff's Preliminary Rates
5/8" x 3/4"	\$ 19.63	\$ 23.32
3/4"	\$ 29.64	\$ 34.98
1"	\$ 49.40	\$ 58.30
1 1/2"	\$ 98.81	\$ 116.59
2"	\$ 158.09	\$ 186.54
3"	\$ 316.16	\$ 373.09
4"	\$ 494.00	\$ 582.95
6"	\$ 988.00	\$ 1,165.90
Gallonge Charge Per 1,000 Gallons	\$ 2.57	\$ 4.25
Customer Deposits 5/8" x 3/4"	N/A	\$ 86.00
All over 5/8" x 3/4"	N/A	2 x Average Bill

STAMP

Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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