

FLORIDA PUBLIC SERVICE COMMISSION
Gunter Building, 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MEMORANDUM

February 8, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF WATER AND WASTEWATER (MONIZ, STARLING, WASHINGTON) *sm* *JK* *W*
DIVISION OF LEGAL SERVICES (AGARWAL, JAEGER) *JA* *JP* *JS* *W*

RE: UTILITY: PALM COAST UTILITY CORPORATION
DOCKET NO.: 951593-WS
COUNTY: FLAGLER
CASE: PETITION FOR REVISED SERVICE AVAILABILITY CHARGES

AGENDA: FEBRUARY 20, 1996 - REGULAR AGENDA - DECISION ON SUSPENSION OF RATES - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: FEBRUARY 26, 1996

SPECIAL INSTRUCTIONS: NONE

LOCATION OF FILE: I:\PSC\WAW\WP\951593.RCM

CASE BACKGROUND

Palm Coast Utility Corporation (PCUC or utility) is a Class A utility providing water and wastewater service in Flagler County. According to its December 31, 1994 annual report, the utility was serving 14,617 water customers (approximately 14,846 Equivalent Residential Connections (ERCs) and 9,868 wastewater customers (approximately 12,435 ERCs). During the twelve months ended December 31, 1994, the utility recorded operating revenues of \$6,188,768 for water service and \$2,904,576 for wastewater service. Its recorded operating income was \$747,192 and \$303,166, respectively, for water and wastewater service.

On December 27, 1995, the utility filed an application for authority to increase its system capacity charges for water and wastewater service pursuant to Section 367.101, Florida Statutes. The filing fee was paid on December 27, 1995, which was designated the official filing date for this proceeding pursuant to Section 367.083, Florida Statutes. The utility's present service availability fees were established in Docket Nos. 810485-WS and 840092-WS, Order Nos. 12957 and 14174, issued February 6, 1984 and March 14, 1985, respectively. The test year for this proceeding is the projected year 1995.

DOCUMENT NUMBER-DATE

01485 FEB-89

FPSC-RECORDS/REPORTING

DOCKET NO. 951593
February 20, 1996

DISCUSSION OF ISSUES

ISSUE 1: Should the Palm Coast Utility Corporation proposed tariffs to increase its service availability charges be suspended?

RECOMMENDATION: Yes, Palm Coast Utility Corporation's proposed tariffs to increase its service availability charges should be suspended pending further investigation by staff. (WASHINGTON, AGARWAL)

STAFF ANALYSIS: Pursuant to Section 367.091(5), Florida Statutes, the rate schedules proposed by the utility shall become effective within sixty (60) days after filing, unless the Commission votes to withhold consent to implementation of the requested rates.

The utility has requested approval of system capacity charges of \$1,500 and \$1,600 per ERC for its water and wastewater systems respectively. The current charges are \$766 for water and \$1,466 for wastewater. The utility states that the basis for the requested change in charges is to move them toward the guideline maximums set out in Commission Rule 25-30.580, F.A.C., based on the adjusted cost of plant in service established for the projected year 1995 and contributions projected to be received through the buildout years of the treatment plants. This docket was opened concurrent with a rate increase application in Docket No. 951056-WS.

Staff has reviewed the filing and has considered the proposed rates, the incremental CIAC thereby generated, and the information filed in support of the application. We believe it is reasonable and necessary to require further amplification and explanation of this data and to require production of corroborative information, if necessary. The utility has proposed adjustments to its cost of plant in service established for the projected year 1995 and contributions projected to be received through the buildout years of the treatment plants. Our review of the utility's application will include further examination by staff accountants, engineers, and rate specialists. Therefore, staff recommends that the proposed tariffs to increase service availability charges for Palm Coast Utility Corporation be suspended.