

STATE OF FLORIDA

Commissioners:
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DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

January 19, 2000

David B. Erwin, Esquire
127 Riversink Road
Crawfordville, FL 32327

Re: Docket No. 990939-WS. Application of Indiantown Company, Inc. For Increased Water and Wastewater Rates in Martin County

Dear Mr. Erwin:

We have reviewed the minimum filing requirements (MFRs) submitted by you on December 27, 1999, on behalf of Indiantown Company, Inc. (utility). After reviewing this information, we find the minimum filing requirements to be deficient. The specific deficiencies are identified below:

1. Rule 25-30.437, Florida Administrative Code, states that:

Each Class A or B utility applying for a rate increase shall provide the information required by Commission Form ... PSC/WAW 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements."

The following schedules are part of the forms incorporated into the rule. Therefore, the utility shall provide the information required by these schedules.

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RRR _____
- SEC 1
- WAW _____
- OTH _____

A) Schedule A-3, A-3(a), Schedule of Adjustments to Rate Base
Schedule B-3, B-3(a), Schedule of Adjustments to Operating Income

The explanation in these schedules requires the utility to provide a detailed description of all adjustments to rate base and operating income per books. The utility gave a brief description of the adjustments but failed to break them down into account classifications. Please make the necessary adjustments on the schedules as requested or provide an additional schedule that gives the detailed descriptions.

B) Schedule A-5, Schedule of Water Plant in Service by Primary Account
Schedule A-6, Schedule of Wastewater Plant in Service by Primary Account

DOCUMENT NUMBER - DATE
00904 JAN 20 00
FPSC-RECORDS/REPORTING

Schedule A-7, Non-Used and Useful Plant - Summary
Schedule A-9, Schedule of Water Accumulated Depreciation by Primary Account
Schedule A-10, Schedule of Wastewater Accumulated Depreciation by Primary Account
Schedule B-13, Net Depreciation Expense - Water
Schedule B-14, Net Depreciation Expense - Wastewater

The explanation in these schedules requires the utility to provide the ending balances and average of plant in service for the prior year and the test year by primary account. The utility failed to include the utility adjustments in the test year balances as reported in Schedule A-1 and B-1. The adjusted utility balance is the test year ending balance. Please make the necessary adjustments on the schedules and all other schedules affected by the adjustments as requested.

- C) Schedule A-12, Schedule of CIAC by Classification
Schedule A-14, Schedule of Accumulated Amortization of CIAC by Classification

The explanation in these schedules requires that the utility provide the ending balances and average of CIAC and amortization of CIAC, by classification for the prior year and the test year. The utility has stated that no break down of CIAC is available. This statement does not comply with the schedule requirements. In order to comply with the MFRs, please provide the information for CIAC by classification for the prior year and test year.

2. Schedule B-12, Schedule of Allocated Expenses

This schedule shows costs allocated or charged from a parent, affiliate or related party. Rule 25-30.436(4)(h), Florida Administrative Code, states as follows:

(h) Any system that has costs allocated or charged to it from a parent, affiliate or related party, in addition to those costs reported on Schedule B-12 of Commission Form PSC/WAW 19 for a Class A utility, or PSC/WAW 20 for a Class B utility (incorporated by reference in Rule 25-30.437), shall file three copies of additional schedules that show the following information:

1. The total costs being allocated or charged prior to any allocation or charging as well as the name of the entity from which the costs are being allocated or charged and its relationship to the utility.

2. For costs allocated or charged to the utility in excess of one percent of test year revenues:

- a. a detailed description and itemization; and
- b. the amount of each itemized cost.

3. The allocation or direct charging method used and the bases for using that method.
4. The work papers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.
5. The work papers used to develop, where applicable, the basis for the direct charging method.
6. An organizational chart of the relationship between the utility and its parent and affiliated companies and the relationship of any related parties.
7. A copy of any contracts or agreements between the utility and its parent or affiliated companies for services rendered between or among them.

The utility failed to file the supplemental information required by sub-paragraphs 1 through 7. Please provide the supplemental information.

3. Statement or Proof of Land Ownership or Lease Agreement

Rule 25-30.436(4)(i), Florida Administrative Code, states that:

- (i) For any land recorded on the utility's books since rate base was last established, the utility shall file copies of the documents that demonstrate that the utility owns the land upon which the utility treatment facilities are located, or that provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

The utility failed to provide a statement regarding whether any land has been recorded on the books since the last rate base was established and/or any documentation required by the rule. Please provide a statement and/or copies of documents pursuant to Rule 25-30.436(4)(i), Florida Administrative Code.

4. Additional Engineering Information Required of Class B Water and Wastewater Utilities in an Application for Rate Increase

Rule 25-30.440(1)(a)(b), Florida Administrative Code, states that the utility shall provide one copy of a detailed map showing:

- (a) the location and size of the applicant's distribution and collection lines as well as its plant sites, and

David B. Erwin, Esquire
Page 4
January 19, 2000

(b) the location and respective classification of the applicant's customer.

The map submitted by the utility does not contain a legend nor a description of what the map represents. Further, the scale is too small and there is no clear indication of the service territory. Please submit a larger scale map that includes a legend, a clear description of what it represents and that contains the information described in Rule 25-30.440(1), (a) and (b), Florida Administrative Code.

Your petition will not be deemed filed until we have received the above mentioned information. These corrections should be submitted no later than February 18, 2000.

Sincerely,



Dan Hoppe
Director

By Certified Mail
Return Receipt

DH/emq

cc: **Division of Records and Reporting**
Division of Legal Services (Gervasi, Christensen)
Division of Water and Wastewater (Willis, Merchant, Crouch, Munroe, Davis, Quijano)