



## Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: JANUARY 26, 2000

TO: CHAIRMAN GARCIA

FROM: DAN HOPPE, DIRECTOR, DIVISION OF WATER AND WASTEWATER

ROSANNE GERVASI, BUREAU CHIEF, DIVISION OF LEGAL SERVICES

RE: DOCKET NO. 991627-WU, APPLICATION OF PARK WATER COMPANY, INC.

FOR AN INCREASE IN WATER RATES IN POLK COUNTY - TEST YEAR

APPROVAL

By letter to you dated January 13, 2000, Park Water Company (Park Water) has requested approval of a change in test year from an historical base year ended December 31, 1998 and projected test year ended December 31, 1999 to only an historical base year ended December 31, 1999 for a water only rate case filing. The company has experienced delays in completing the minimum filing requirements and believe an historical test year ended December 31, 1999 would better represent the company's financial condition for the rate case. As before, the company has indicated it will not be requesting interim rates and will file its application using the Proposed Agency Action provision in Section 367.081(8), Florida Statutes.

Park Water indicates that its annual revenues are above \$150,000 and therefore does not meet the statutory threshold for a staff assisted rate case. Park Water states that it has experienced increased plant costs in 1998 and 1999 due to plant expansion and improvement projects. These increased plant costs have contributed to the current inadequate rate of return.

By Order No. PSC-98-0361-FOF-WS, issued March 5, 1998, the Commission approved the utility's present rates and charges under the grandfather rights of Section 367.171, Florida Statutes. Park Water's rates have been in effect since August 20, 1996 when Polk County last established the utility's rates and charges.

Staff believes that the change in the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for the calendar years 1996 through 1998. Based on our review, we believe that the change in the requested test year should be approved. Receipt of the application by April 1, 2000, will be acceptable.

The test year filename is 5:\PSC\WAW\WP\PARK-TYA2.WTR

Dr. Mary Bane, Deputy Executive Director/Technical

Division of Water and Wastewater (Willis, Crouch, Rendell, Bethea, Casey)

Division of Legal Services (Gervasi, VanLeuven) Division of Records and Reporting (991627-WU)

Jackie Edwards

DOCUMENT NUMBER-DATE



FPSC-RECORDS/REPORTING

