

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

December 5, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (McCASKILL) *MS*  
DIVISION OF LEGAL SERVICES (REYES) *BUR JHT*

RE: DOCKET NO. 960878-WS - PROPOSED RATE REDUCTION TO REFLECT  
A DECREASE IN PURCHASED WATER AND WASTEWATER COSTS TO  
FPSC REGULATED UTILITIES BY PASCO COUNTY

AGENDA: DECEMBER 17, 1996 - REGULAR AGENDA - PROPOSED AGENCY  
ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\960878.RCM

CASE BACKGROUND

Section 367.081 (4) (b), Florida Statutes, provides that the approved rates of any utility which receives all or any portion of its utility service from a governmental authority or from a water or wastewater utility regulated by the Commission and which redistributes that service to its utility customers shall be automatically increased or decreased without hearing, upon verified notice to the Commission 45 days prior to its implementation of the increase or decrease that the rates charged by the governmental authority or other utility have changed.

On December 12, 1995, the Pasco County Board of County Commissioners approved a rate decrease for all bulk water and/or wastewater customers beginning January 1, 1996 through September 30, 1999. On December 20, 1995, the Commission staff received from Pasco County copies of the notices it sent to utilities regulated by the Florida Public Service Commission (FPSC), advising the utilities of the bulk water and/or wastewater rate change. According to the notice, Pasco County extended the January 1, 1996 effective date until April 1, 1996, in order to allow the utilities sufficient time to contact the Commission and/or incorporate the new charges into its rate structure.

DOCUMENT NUMBER-DATE

13000 DEC-5 96

FPSC-RECORDS/REPORTING

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The bulk water and/or wastewater rate change approved by Pasco County qualifies for a Pass-Through Rate Adjustment for FPSC regulated utilities pursuant to Section 367.081 (4)(b), Florida Statutes. Section 367.081 (4)(e), Florida Statutes provides that a utility may not adjust its rates under this subsection more than two times in any 12 month period. Therefore, on March 29, 1996, staff sent letters to the nine affected utilities regarding the Pasco County rate change advising them that because Pasco County approved two rate changes in 1996, the utilities had the option of using the pass through statute to adjust their rates accordingly. Specifically, Staff informed the utilities that one of the rate changes could be filed as a pass-through in conjunction with an index and the other pass-through adjustment could be filed separately to be effective for October 1, 1996.

To date, only three of the nine (Utilities Inc. of Florida, Betmar Utilities, Inc. and Jasmine Lakes Utilities Corporation) have filed for a pass-through rate reduction. Another utility (Virginia City Utilities, Inc.) has rates that are currently less than the decreased rate, and, therefore, is not required to file the pass-through. Currently, the Virginia City is involved in a staff-assisted rate case which will incorporate the county's decreased rates in the computations to determine the appropriate rates the utility should be charging. The five utilities which have not filed a pass-through rate reduction are: Hudson Utilities, Inc., d/b/a Hudson Bay Company (Hudson); Forest Hills Utilities, Inc. (Forest Hills); Mad Hatter Utility, Inc. (Mad Hatter); Aloha Utilities, Inc. (Aloha); and Southern States Utilities, Inc. (SSUI).

The purpose of this docket was to determine whether or not FPSC regulated utilities that received bulk water and/or wastewater from Pasco County should be required to file for a rate adjustment to reflect a decrease in purchased water and wastewater costs to regulated utilities in Pasco County.

On September 27, 1996, Order No. PSC-96-1226-FOF-WS was issued ordering the affected utilities to show cause in writing why their rates should not be adjusted, effective April 1, 1996, to reflect the reduction in purchased water and/or wastewater costs to bulk water and/or wastewater customers in Pasco County. Each utility has responded to the Show Cause Order. Therefore, the purpose of this recommendation is to close this docket and open separate dockets to address each utility's response individually.

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DISCUSSION OF ISSUES

ISSUE 1: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (McCASKILL, REYES)

STAFF ANALYSIS: By Order No. PSC-96-1226-FOF-WS, issued September 27, 1996, the Commission ordered Hudson Utilities, Inc., Forest Hills Utilities, Inc., Mad Hatter Utilities, Inc., Aloha Utilities, Inc., Deltona Utility Consultants d/b/a Southern States Utilities, Inc., and Betmar Utilities, Inc. to show cause in writing why their rates should not be decreased to reflect the reduction in purchased bulk water and/or wastewater costs to bulk water and/or wastewater customers in Pasco County. Each utility has responded. For administrative ease of processing each utility's response, staff recommends that this docket be closed. Separate dockets will be opened to address each utility's response individually.