

ORIGINAL

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November 11, 2004

Blanca Bayo, Division of Commission Clerk
& Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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COMMISSION
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In re: Application of Indiantown Company, Inc. for Increased Water
and Wastewater Rates in Martin County – Docket No. 040450-WS

Dear Ms. Bayo:

On November 10, 2004, I filed a draft of a "Rate Case Synopsis" for Indiantown Company, Inc.'s rate case. Unfortunately, we have discovered a few errors. Please accept replacement pages 1, 2, 4 and 7 and substitute them in the synopsis. For your ready reference, I have identified the changes on a copy of each of the aforementioned pages.

Thank you for your attention to this matter.

Sincerely,



David B. Erwin

CMP _____
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Copy: Bart Fletcher
Trisha Merchant
Jeff Leslie, Indiantown Company
Robert Nixon

DOCUMENT NUMBER-DATE
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I. Purpose

In accordance with the Florida Public Service Commission’s Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Indiantown Company, Inc., in Martin County. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present and Proposed Final Rates

On August 18, 2004, Indiantown Company, Inc. filed an application with the Florida Public Service Commission (“Commission”) for increased water and wastewater rates for its customers in Martin County. The application as assigned Docket No. 040450-WS and November 3, 2004 was established as the official date of filing.

The utility has requested a permanent water revenue increase of \$189,765 and a permanent wastewater revenue increase of \$338,771. The requested increases would produce annual revenues of \$2,010,837 for its operations. A schedule of the utility’s present rates and the proposed permanent rates which would produce these revenues follows:

SCHEDULE OF RATES:

WATER

<u>Class/Meter Size</u>	<u>Present Rates (1)</u>	<u>Proposed Final Rates</u>
<u>Residential</u>		
Base Facility Charge (monthly per meter)		
5/8" X 3/4"	\$ 10.45	\$ 14.88
1"	\$ 26.13	\$ 37.20
1 1/2"	\$ 52.27	\$ 74.40
2"	\$ 83.62	\$ 119.04
3"	\$156.80	\$ 223.20
4"	\$261.33	\$ 372.00
6"	\$522.65	\$ 744.00
8"	\$836.24	\$1,190.40
8" Turbo	\$940.77	\$1,339.20
Gallonge Charge per 1000 gallons	\$ 1.55	\$ 1.89

NOTE 1: Present rates per Authority No. WS-03-0113, effective February 1, 2004.

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The utility has requested a permanent water revenue increase of ~~\$182,796~~ ^{338,771} and a permanent wastewater revenue increase of ~~\$332,370~~ ^{189,765}. The requested increases would produce annual revenues of \$2,010,837 for its operations. A schedule of the utility's present rates and the proposed permanent rates which would produce these revenues follows:

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<u>Class/Meter Size</u>	<u>Present Rates (1)</u>	<u>Proposed Final Rates</u>
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<u>Class/Meter Size</u>	<u>Present Rates (1)</u>	<u>Proposed Final Rates</u>
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General Service

Base Facility Charge (monthly per meter)

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Gallonge Charge per 1000 gallons	\$ 1.55	\$ 1.89
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Private Fire Protection Service

2"	\$ 6.98	\$ 9.92
3"	\$ 13.07	\$ 18.60
4"	\$ 21.78	\$ 31.00
6"	\$ 43.55	\$ 62.00
8"	\$ 69.69	\$ 99.20

Miscellaneous Service Charges

Present Rates Proposed Final Rates

	<u>Bus. Hrs.</u>	<u>After Hrs.</u>	<u>Bus. Hrs.</u>	<u>After Hrs.</u>
Initial Connection	\$15.00	\$15.00	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00	\$15.00	\$15.00
Violation Reconnection	\$15.00	\$15.00	\$15.00	\$15.00
Premises Visit	\$10.00	\$10.00	\$10.00	\$10.00

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Premises Visit	\$10.00	\$10.00	\$10.00	\$10.00

Note 1: Present rates per Authority No. WS-03-0113, effective February 1, 2004.

III. Comparison of the Present and Proposed Interim Rates

In addition to requesting an increase in its permanent final rates, Indiantown Company, Inc. has requested that the Commission approve interim rates, using the same test period as used for the permanent rate application. If approved, the interim rates are subject to being refunded, if the Commission finds that the Company was not entitled to collect such rates pending the final Commission decision. The company has requested approval to increase annual revenue on an interim basis in the water system in the amount of \$117,869 and in the wastewater system in the amount of \$236,018. If granted, such increases would be generated by the following rates:

WATER

<u>Class/Meter Size</u>	<u>Present Rates (1)</u>	<u>Proposed Interim Rates</u>
<u>Residential</u>		
Base Facility Charge (monthly per meter)		
5/8" X 3/4"	\$ 10.45	\$ 12.44
1"	\$ 26.13	\$ 31.11
1 1/2"	\$ 52.27	\$ 62.24
2"	\$ 83.62	\$ 99.56
3"	\$ 156.80	\$ 186.70
4"	\$ 261.33	\$ 311.15
6"	\$ 522.65	\$ 622.30
8"	\$ 836.24	\$ 995.68
8" Turbo	\$ 940.77	\$1,106.85
Gallonge Charge per 1000 gallons	\$ 1.55	\$ 1.85

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8" Turbo	\$ 929.61 <i>940.77</i>	\$ 1,106.85

Gallage Charge per 1000 gallons

\$ 1.55	\$ 1.85
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Class/Meter Size

<u>Present Rates (1)</u>	<u>Proposed Interim Rates</u>
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General Service

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customer meeting, the staff makes a recommendation to the Commission as to the amount of rate increase that the utility should be granted. This recommendation is presented to the Commission at a public agenda conference in Tallahassee at which the commissioners consider the staff recommendation and vote on each issue identified by the staff.

The Commission attorneys then prepare a formal order containing the Commission's proposed action, including the new rates and when they will be effective. Substantially affected persons have 21 days after this written order is issued to decide whether to accept the Commission's decision or to request a formal hearing.

If no party protests the order, the Commission's decision becomes final, the new rates go into effect and the docket is closed. If the order is properly protested, however, there will be a hearing before any increase can be approved.

Hearings

If any substantially affected party objects to the Commission's proposed rate increase and requests a formal hearing, then the Commission schedules public hearings on the rate request. These hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings.

The Commission schedules service hearings to obtain information from customers regarding their water service and technical hearings to conduct a detailed evaluation of all technical, legal and financial issues in the case. These hearings are scheduled in the local service area for the customers' convenience. At this time, customer testimony is given regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court Reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues.

The Commission staff then makes recommendations to the Commissioners on each issue of the case.

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