

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a staff-) DOCKET NO. 900968-WU
assisted rate case in Sumter County) ORDER NO. PSC-92-0020-FOF-WU
by MAGNOLIA MANOR WATER WORKS) ISSUED: 3/10/92
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
J. TERRY DEASON
LUIS J. LAUREDO

FINAL ORDER PROVIDING ADDITIONAL TIME TO
COMPLY WITH ORDER NO. 24928 AND PROVIDING FOR
ALTERNATIVE PROPOSAL FOR REPAIR OF DISTRIBUTION SYSTEM

BY THE COMMISSION:

By Order No. 24928, issued on August 19, 1991, this Commission required USA Utilities, Inc. (USA or the receiver), as receiver for Magnolia Manor Water Works (the utility), to comply with or to initiate compliance with the Circuit Court Emergency Order Appointing Receiver and to take certain actions to bring the quality of service to a satisfactory level. To date, the receiver has submitted a plan for both the financing and replacement of the distribution system, initiated a routine operation and maintenance schedule for the water plant, obtained an 800 number (in lieu of accepting collect calls from customers), repainted the hydro-pneumatic tank and building at the plant site, installed a new check valve at the well, and replaced the inefficient well pump with a new submersible well pump and motor. In addition, with the assistance of the Florida Rural Water Association and the Southwest Florida Water Management District, the receiver performed a leak detection survey of the utility's service area.

In accordance with Order No. 24928, the receiver filed its proposal for the financing and rebuilding of the utility's substandard distribution system. In its proposal, USA requested reconsideration of our decision requiring total replacement of the distribution system citing problems associated with obtaining financing and the ultimate rate impact on the customers. The utility asserts that it may be possible to isolate particular sections of the distribution system for repair or replacement, in lieu of replacing the entire system. The receiver has arranged for

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the Florida Rural Water Association to perform a more detailed leak detection survey of the utility's distribution lines. In addition, the receiver plans to submit a portion of the existing distribution pipe to Uni-Bell PVC Pipe Association for analysis to determine whether the existing pipe is suitable for conveying water under pressure in domestic potable water systems.

Based on a preliminary analysis of the figures submitted by the receiver for the total replacement of the distribution system, we are concerned that the rate shock to the customers would be too severe to warrant requiring total replacement of the distribution system at this time. Therefore, based on the potential for severe rate shock, coupled with the receiver's significant, good faith effort to comply with Order No. 24928, we find it appropriate to allow the receiver additional time to develop an alternative proposal for repairing, rather than replacing the utility's distribution system.

Further, in Order No. 24928, the receiver was ordered to comply with or initiate compliance with the provisions of the Receivership Order. The material areas of noncompliance with the Receivership Order, and therefore, our Order, are that the utility is still not being operated in an efficient and effective manner due to the excessive amount of unaccounted-for-water, and that USA has failed to file the monthly statements of revenues and expenses in a timely fashion. Based on the receiver's good faith effort to comply with the requirements of Order No. 24928, and our decision to allow the utility additional time to develop an alternative proposal for repairing the utility's distribution system, we do not find it appropriate to issue an order to show cause for failure to comply with Order No. 24928 at this time. However, we find it appropriate that this docket remain open to monitor the receiver's progress in complying with Order No. 24928 and the Receivership Order. After completion of the leak detection survey and the examination of the pipe structure, the utility shall submit a proposal for the financing of the repair or replacement of the utility's distribution system. When the receiver complies with Order No. 24928 in all respects, this docket may be closed administratively.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that USA Utilities, Inc., as receiver for Magnolia Manor Water Works, shall

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have additional time to develop an alternative proposal for repairing, rather than replacing the utility's distribution system. It is further

ORDERED that upon completion of the leak detection survey and the examination of the pipe structure, USA Utilities, Inc., as receiver for Magnolia Manor Water Works, shall submit a proposal for the financing of the repair or replacement of the utility's distribution system. It is further

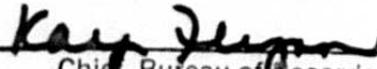
ORDERED that after USA Utilities, Inc., as receiver for Magnolia Manor Water Works, complies with Order No. 24928 in all respects, this docket may be closed administratively.

By ORDER of the Florida Public Service Commission, this 10th day of MARCH, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

CB

by: 
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of

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Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.