

STATE OF FLORIDA

JOE GARCIA
CHAIRMAN



CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0855
(850) 413-6042

Public Service Commission

May 4, 1999

Mr. Darryl Troy
Vice President
Florida Public Utilities Company
401 South Dixie Highway
West Palm Beach, Florida 33401

Dear Mr. Troy:

Re: Docket No. 990535-WU, Application of Florida Public Utilities Company for Increased Water Rates in Nassau County - Test Year Approval

We have received your letter dated April 26, 1999, requesting approval to use a projected test year ended December 31, 2000, with an historical base year of December 31, 1998. Staff has also confirmed by telephone that you are also requesting to use the historical test year ended December 31, 1998 for interim rate purposes. Your letter states that the utility will file its application using the Proposed Agency Action provision in Section 367.081(8), Florida Statutes. Your test year request as outlined above is hereby approved. You should also be aware that prefiled direct testimony must be filed with the minimum filing requirements if you do not elect to request the proposed agency action (PAA) process.

For administrative purposes only, Docket No. 990535-WU has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of Records and Reporting receives the complete petition, revised tariff sheets, the minimum filing requirements, testimony (if not requesting PAA), and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than August 1, 1999. Because of the difficulty in scheduling hearing dates it is not anticipated that an extension of this filing date will be granted.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, information not filed with the original application may not be considered. Lastly, the utility should be prepared to justify all

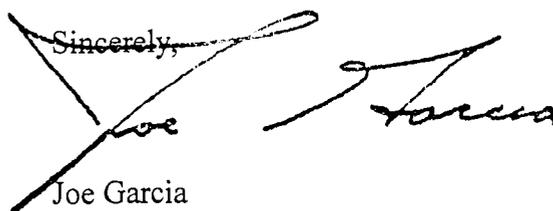
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increased operation and maintenance expenses, particularly those in excess of customer growth and inflation for the five years preceding the requested historic test year.

Sincerely,

Joe Garcia
Chairman

JG/pwm

cc: Commissioners
Mr. Talbott
Dr. Bane
Division of Water and Wastewater (Willis, Merchant)
Division of Legal Services (Gervasi)
Division of Records and Reporting
Jack Shreve, Office of Public Counsel