



Public Service Commission  
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COMMISSION CLERK  
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S.M.C. Max J.D.J.

DATE: AUGUST 8, 2002  
TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK ADMINISTRATIVE SERVICES (BAYÓ)  
FROM: DIVISION OF ECONOMIC REGULATION (FITCH, DAVIS) OFFICE OF THE GENERAL COUNSEL (CIBULA)  
RE: DOCKET NO. 001382-WS - APPLICATION FOR STAFF-ASSISTED RATE CASE IN LAKE COUNTY BY PENNBROOKE UTILITIES, INC. COUNTY: LAKE  
AGENDA: 08/20/02 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE  
CRITICAL DATES: NONE  
SPECIAL INSTRUCTIONS: NONE  
FILE NAME AND LOCATION: S:\PSC\ECR\WP\001382.RCM

CASE BACKGROUND

Pennbrooke Utilities, Inc. (Pennbrooke or utility) is a water and wastewater utility located in Lake County. Pennbrooke is a subsidiary of Leisure Communities Ltd. which is the company developing the service area. The utility provided service to approximately 670 residential customers, a golf course, and a restaurant during the historic test year ending September 30, 2000. The utility's service area is a retirement community built around a golf course in the West Lake County area. The majority of the residents are seasonal and reside in the community only a portion of the year. All the residents' homes are individually metered.

On September 12, 2000, the utility filed an application for a staff assisted rate case (SARC). By Order No. PSC-01-1246-PAA-WS, issued June 4, 2001, the Commission approved the utility's current rates, charges, and rate base. A portion of the rate base approved included pro forma additions to plant.

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In the above-referenced order, the utility was ordered to complete the pro forma additions within 12 months of the effective date of the order. This 12 month period ended June 27, 2001. The utility completed all the pro forma items requested with the exception of one item. The utility has requested an extension of time to complete the final item of pro forma plant requested. The Commission has jurisdiction in this case pursuant to Section 367.0814, Florida Statutes.

**ISSUE 1:** Should the utility's request for an extension to complete the required pro forma plant addition be approved?

**RECOMMENDATION:** Yes. The utility's request for an extension to complete the required pro forma plant addition should be approved. The utility expects to complete the remaining plant improvement by November 30, 2002. If the utility does not complete the pro forma by November 30, 2002, staff will bring a recommendation before the Commission to reduce rates associated with the pro forma addition. (FITCH, T. DAVIS)

**STAFF ANALYSIS:** As discussed in the case background, the utility was required to complete several pro forma items by Order No. PSC-01-1246-PAA-WS, issued June 4, 2001, within 12-months of the effective date of the order. This 12 month period ended June 27, 2001. This order also specified that this docket remain open pending staff's verification that the utility has completed the pro forma requests. The utility has provided staff with cost verification for the items completed.

After the 12 month period expired, staff visited the utility to verify the completion of the pro forma additions approved in the above-referenced order. During this investigation, staff discovered that the utility did not install a new hydro pneumatic tank. This tank was requested by the utility in this docket and the Commission approved the cost for this tank in the calculation of rates by the above-referenced order. The utility requested this tank to account for future growth. According to the utility, Pennbrooke hired an engineer to begin the process of installing the tank. At the time of this subsequent investigation, the utility's engineering analysis was not complete and it was not clear to staff that the utility would install the tank. Staff instructed the utility that if the utility needed more time to complete the pro forma it should request an extension of time from the Commission.

Staff filed a recommendation on July 23, 2002, for the August 6, 2002, agenda conference, recommending that the utility's rates be reduced to remove the cost of the pro forma plant not completed. By letter dated July 31, 2002, the utility responded to staff's recommendation. According to the letter, the utility's engineering analysis was just recently completed. The engineer recommended that the utility go forward with the installation of the hydro pneumatic tank and that the utility intends to do so. The letter also requested additional time to go forward with the

installation of the hydro pneumatic tank. The utility cited two reasons for the delayed engineering evaluation: (1) the engineer was assigned to study a low pressure problem in the community served and recommend a solution, and (2) the utility was in the process of studying whether to remodel the water distribution system and the treatment plant.

Because the utility has completed all of the other required pro forma and has a plan to complete the addition of the hydro pneumatic tank, staff believes that the utility's request for additional time to complete the pro forma should be approved. The utility expects to complete the remaining plant improvement by November 30, 2002. However, if the utility does not complete the pro forma by November 30, 2002, staff will bring a recommendation before the Commission to reduce rates associated with the pro forma additions.

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**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** No. This docket should not be closed. It should remain open to allow the utility additional time to complete the pro forma plant addition to the water system. If the utility completes the plant addition by November 30, 2002, the docket should be closed administratively upon staff's verification that the addition has been made. (FITCH, CIBULA)

**STAFF ANALYSIS:** This docket should remain open to allow the utility additional time to complete the pro forma plant addition to the water system. If the utility completes the pro forma plant addition by November 30, 2002, the docket should be closed administratively upon staff's verification that the addition has been made.