

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in
water/wastewater rates in Highlands County by
HC Waterworks, Inc.

DOCKET NO. 140158-WS
ORDER NO. PSC-14-0685-PCO-WS
ISSUED: December 10, 2014

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER SUSPENDING FINAL RATES

BY THE COMMISSION:

Background

HC Waterworks, Inc. (HC or Utility) is a Class B utility serving approximately 924 water customers in three subdivisions known as Leisure Lakes, Lake Josephine, and Sebring Lakes and 295 wastewater customers in Leisure Lakes in Highlands County. According to the Utility's 2013 Annual Report, HC reported total operating revenues of \$371,263 and total operating expenses of \$411,335. By Order dated June 13, 2014, we approved the transfer of Certificate Nos. 422-W and 359-S from Aqua to HC.¹

On October 2, 2014, HC filed its application for the rate increase at issue in the instant docket. As of the date of this order, there are deficiencies in the Minimum Filing Requirements (MFRs). The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure. HC contends that its earnings are outside its range of reasonable returns. The Utility is requesting an increase to recover all expenses it will incur in order to generate a fair rate of return on its investment, including the requested pro forma plant improvements. HC requested final rates designed to generate annual revenues of \$595,702 for water and \$146,685 for wastewater. This represents a revenue increase of \$184,202 (44.76 percent) for water and \$27,007 (22.57 percent) for wastewater.

The 60-day statutory deadline for this Commission to suspend the Utility's requested final rates was December 2, 2014. This order addresses the suspension of the Utility's requested final rates. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

¹ See Order No. PSC-14-0314-PAA-WS, issued June 13, 2014, in Docket No. 130175-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County.

Decision

Section 367.081(6), F.S., provides that the Commission may, for good cause, withhold consent to the implementation of the requested rates within 60 days after the date the rate request is filed. Further, Section 367.081(8), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) the Commission has not acted upon the requested rate increase; or (2) if the Commission's PAA action is protested by a party other than the Utility. It should be noted that because the Utility's MFRs in this docket are deficient, an official date of filing has not yet been established. The MFR corrections were due on December 1, 2014.

Commission staff reviewed the filing and considered the information filed in support of the rate application and the proposed final rates. Further investigation of this information, including an on-site investigation, is needed. Commission staff initiated an audit of the Utility's books and records. This audit is tentatively due on December 17, 2014. In addition, Commission staff sent its first data request to the Utility on November 12, 2014. The Utility's response to the data request was due on December 12, 2014. Based on the foregoing, we find it appropriate to suspend HC's proposed final water and wastewater rates.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed final water and wastewater rates for HC Waterworks, Inc. shall be suspended. It is further

ORDERED that this docket remain open pending this Commission's final action on HC Waterworks, Inc.'s application for an increase in water and wastewater rates.

By ORDER of the Florida Public Service Commission this 10th day of December, 2014.



HONG WANG
Chief Deputy Commission Clerk
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.