

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates in
Highlands County by Placid Lakes Utilities,
Inc.

DOCKET NO. 130025-WU
ORDER NO. PSC-13-0316-PCO-WU
ISSUED: July 12, 2013

The following Commissioners participated in the disposition of this matter:

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

ORDER SUSPENDING THE PROPOSED FINAL WATER RATES OF
PLACID LAKES UTILITIES, INC.

BY THE COMMISSION:

Background

Placid Lakes Utilities, Inc. (Placid Lakes or Utility) is a Class B utility serving approximately 1,948 water customers in Highlands County. For the year ended December 31, 2012, the Utility reported operating revenues of \$634,468 and a net operating loss of \$12,668. The Utility's last rate case was in 2009.¹

On April 24, 2013, Placid Lakes filed its application for the rate increase at issue in the instant docket. As of the date of this recommendation, there are deficiencies in the Minimum Filing Requirements (MFRs). The Utility requested that the application be processed using the Proposed Agency Action (PAA) procedure. The test year established for final rates is the simple average period ended December 31, 2012. Placid Lakes 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. Placid Lakes requested final rates designed to generate annual revenues of \$777,146. This represents a revenue increase of \$142,678 (22.49 percent). The Utility did not request interim rates in this proceeding.

The 60-day statutory deadline for this Commission to suspend the Utility's requested final rates is June 23, 2013. By letter dated April 30, 2013, the Utility extended this 60-day deadline through June 25, 2013. This Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes (F.S.).

¹ See Order No. PSC-09-0632-PAA-WU, issued September 17, 2009, in Docket No. 080353-WU, In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

Rates

Section 367.081(6), F.S., provides that this 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) we have not acted upon the requested rate increase; or (2) if our PAA action is protested by a party other than the Utility. The official filing date is June 4, 2013.

The information filed in support of the rate application and the proposed final rates has been reviewed. We find that further investigation of this information, including on-site investigations, is needed. Commission staff initiated an audit of Placid Lakes' books and records, as well as an audit of the Utility's proposed allocation of parent company investment and operating expenses. Both of these audits are tentatively due on July 5, 2013. In addition, Commission staff sent its first data request to the Utility on June 12, 2013. The Utility's response to the data request is due on July 12, 2013. We therefore find it appropriate to suspend the utility's proposed final water rates.

Based on the foregoing, it is

●ORDERED by the Florida Public Service Commission that the proposed final water rates for Placid Lakes Utilities, Inc. be suspended. It is further

●ORDERED that this docket remain open pending this Commission's final action on Placid Lakes Utilities, Inc.'s application for increase in rates and charges.

By ●ORDER of the Florida Public Service Commission this 12th day of July, 2013.



ANN ●OLE
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.

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.