

FLORIDA PUBLIC SERVICE COMMISSION  
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MEMORANDUM

DECEMBER 4, 1997

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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (AUSTIN, WALDEN) *SA*  
DIVISION OF LEGAL SERVICES (BRUBAKER) *BL*

RE: DOCKET NO. 970659-WU - FLORIDA CITIES WATER COMPANY -  
REQUEST FOR APPROVAL OF TARIFFS CONCERNING INSTALLATION  
OF SERVICE METER AND CROSS-CONNECTION CONTROL DEVICE FOR  
PRIVATE FIRE PROTECTION SERVICE CUSTOMERS

COUNTY: LEE COUNTY

AGENDA: 12/16/97 - REGULAR AGENDA - TARIFF FILING - INTERESTED  
PERSONS MAY PARTICIPATE

CRITICAL DATES: 8-MONTH EFFECTIVE DATE: 2/3/98

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\970659WU.RCM

DOCUMENT NUMBER-DATE

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FPSC - RECORDS/REPORTING

DOCKET NO. 970659-WU  
DATE: DECEMBER 4, 1997

#### CASE BACKGROUND

Florida Cities Water Company, Lee County Division (FCWC or utility) is a Class A utility that provides water service to approximately 17,000 customers in Ft. Myers, Florida. In 1996, FCWC's reported revenues for water service were \$8,542,616 and the corresponding income amount was \$2,330,909. The utility's service area has been designated a critical use area by the South Florida Water Management District.

On March 18, 1997, staff received a letter from a developer concerning FCWC's policy with regards to the installation of service meters and cross connection control devices on private fire protection. FCWC's policy is that the developer is responsible for the cost incurred from the installation of the service meters and cross-connection control devices on private fire protection. The developer did not believe that the total cost should be his responsibility. The developer believes that FCWC should at least make the private fire protection accessible by performing the tap from the main. Since the tap from the main has limited use and would not be beneficial to the general body of rate payers, FCWC believes it should not incur any cost in relation to private fire protection. FCWC indicated that having the developer incur the cost of the installation for private fire protection has been its policy for 10-12 years. However, in staff's review of the utility's tariff, it did not have a tariff page addressing the service availability charges for the private fire protection class. This raised a concern.

In order to address this concern, staff requested that the utility file proposed tariff sheets with regards to the private fire protection class pursuant to Rule 25-9.005(4) and (5), Florida Administrative Code, and Section 367.091, Florida Statutes. On May 29, 1997, staff received the tariff sheets. By Order No. PSC-97-1924-PCO-WU, issued August 4, 1997, the tariff sheets were suspended pending further investigation by staff.

By letter dated September 12, 1997, staff requested further information from the utility. On October 9, 1997, staff received the responses from the utility. This recommendation is a result of staff's analysis of the utility's responses.

DOCKET NO. 970659-WU  
DATE: DECEMBER 4, 1997

### DISCUSSION OF ISSUES

ISSUE 1: Should Florida Cities Water Company's proposed tariffs, filed to clarify that the developer/customer is responsible for the installation of the fire meters, service lines and cross-connection control devices on private fire protection services for service, be approved?

RECOMMENDATION: Yes, Florida Cities Water Company's proposed tariffs, filed to clarify that the developer/customer is responsible for the installation of the fire meters, service lines and cross-connection control devices on private fire protection services, should be approved. (AUSTIN, WALDEN)

STAFF ANALYSIS: As stated in the case background, on March 18, 1997, staff received a letter from a developer concerning FCWC's policy with regard to the installation of service meters and cross-connection control devices on private fire protection. In its responses, FCWC stated that it has been its policy that the developer installs line taps, valves, fire meters and cross-connection control devices associated with a fire line that would ultimately provide private fire protection service. However, upon review of the utility's tariff, it did not have a tariff page addressing the service availability charges for the private fire protection class. Therefore, staff requested that the utility file tariff sheets for its policy on the installation of service meters and cross connection control devices on private fire protection.

By letter dated September 12, 1997, staff requested that the utility respond to several questions which related to its policy for the installation of service meters and cross connection control devices. By letter dated October 6, 1997, the utility responded.

The utility indicated that the developer/customer is the sole beneficiary of a private fire protection system. The private fire protection allows the developer/customer to not only minimize fire damage but also to receive the economic benefit of lower insurance rates. Since these benefits are not available to those who do not have private fire protection service, they should not have to pay the cost of the installation for the service.

Staff agrees that the installation costs of this service should not be the responsibility of the utility since the private fire protection service does not benefit the general body of ratepayers. It has been Commission practice that the cost causer pay the additional cost incurred by the utility. (See Order Nos. PSC-97-0130-FOF-SU, PSC-97-0833-FOF-WU, and PSC-96-1147-FOF-WS)

DOCKET NO. 970659-WU  
DATE: DECEMBER 4, 1997

Therefore if the utility was providing the installation for the private fire protection, it should recover the cost from the cost causer.

Staff recommends that the tariff sheets, filed to clarify that the developer/customer is responsible for the installation of the fire meters, service lines and cross-connection control devices on private fire protection services for service, be approved as filed. However if the meter installation charge in Issue 2 is approved, the utility should file revised tariff sheets to reflect the meter installation charge.

DOCKET NO. 970659-WU  
DATE: DECEMBER 4, 1997

ISSUE 2: Should a meter installation fee be approved?

RECOMMENDATION: Yes, a meter installation fee should be approved for FCWC's Lee County Division. The utility should file revised tariff sheets which are consistent with the Commission's vote within 30 days of the issuance date of the Order. Upon timely receipt and staff's verification that the tariffs are consistent with the Commission's decision, staff should be given administrative authority to approve the revised tariff sheets. (AUSTIN, WALDEN)

STAFF DISCUSSION: During the review of this case, staff found that the Lee County division of FCWC is the only division that has no meter installation charges in its tariff. Staff has calculated the company's CIAC/net plant ratio from the 1996 annual report on file, and determined that the company is below the minimum CIAC level as specified by rule.

The company's policy is to require developers to install the internal distribution system in a subdivision, including the service lines and taps, and then deed those lines over to the company. Therefore, no tap fees would be appropriate. Plant capacity fees are specified in the tariff. Meters are installed by the company without charge, and become company investment in plant.

In reviewing tariff provisions from the FCWC's Barefoot Bay and Poinciana divisions which include meter installation fees, staff is recommending the Commission approve the following meter installation fees for the Lee County division:

Meter Installation Fee:

|                 | <u>Amount</u> |
|-----------------|---------------|
| 5/8" x 3/4"     | \$ 75         |
| 1"              | \$110         |
| 1 1/2" and over | Actual cost   |

Applicability: For all water meters installed by the company.

The utility should file revised tariff sheets which are consistent with the Commission's vote, within 30 days of the issuance date of the Order. Upon timely receipt and staff's verification that the tariffs are consistent with the Commission's decision, staff should be given administrative authority to approve the revised tariff sheets.

DOCKET NO. 970659-WU  
DATE: DECEMBER 4, 1997

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if Issue No. 1 is approved, this tariff should become effective in accordance with Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.  
(AUSTIN, BRUBAKER)

STAFF ANALYSIS: Substantially affected persons have 21 days from the issuance of the Commission's order in which to file a protest. If Issue No. 1 is approved, this tariff should become effective in accordance with Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, the docket should be closed.