

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED

MEMORANDUM

April 30, 1998

APR 30 1998
11:30
FPSC - Records/Reporting

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

FROM: DIVISION OF WATER & WASTEWATER (CHU) *AP MC*
DIVISION OF LEGAL SERVICES (FLEMING) *AI N*

RE: DOCKET NO. 980360-SU - APPLICATION FOR APPROVAL TO
INCREASE SEWER DEPOSIT FEE TO \$62.00 IN HIGHLANDS COUNTY
BY HIGHLANDS UTILITIES CORPORATION

COUNTY: HIGHLANDS

AGENDA: 5/12/98 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: May 12, 1998

LOCATION OF FILE: I:\PSC\WAW\WP\980360SU.RCM

CASE BACKGROUND

Highlands Utilities Corporation (Highlands or utility) is a Class B wastewater utility located in Highlands County. Based on the 1996 Annual Report (the 1997's annual report has not been filed by the utility), the utility provides wastewater service to 1,274 customers; recorded revenues of \$505,532 and expenses of \$500,080, resulting in income of \$5,452 as of the year ended December 31, 1996.

On March 13, 1998, the utility filed an application requesting the approval of an increase of the residential customer deposit fee to \$62.00. Section 367.091(5), Florida Statutes, authorizes the utility to establish, increase, or change a rate or charge other than monthly rates for service or service availability charges accompanied by cost justification.

DOCUMENT NUMBER-DATE

04850 APR 30 98

FPSC-RECORDS/REPORTING

DOCKET NO. 980360-SU
April 30, 1998

DISCUSSION OF ISSUES

ISSUE 1: Should the tariff sheets containing the increased customer deposit fee be approved?

RECOMMENDATION: Yes. The utility's following tariff sheet containing the increased customer deposit fee should be approved:

WASTEWATER TARIFF
Third Revised Sheet No. 13.0

Pursuant to Rule 25-30.475, Florida Administrative Code, the new charges should become effective for service rendered on or after the stamped approval date of the tariff sheet. (CHU)

STAFF ANALYSIS: On March 13, 1998, the utility filed an application requesting the approval of an increase of the residential customer deposit fee to \$62.00. Section 367.091(5), Florida Statutes, authorizes the utility to establish, increase, or change a rate or charge other than monthly rates for service or service availability charges accompanied by cost justification.

The current customer deposit fee of \$33.00 for residential customers was approved in 1990. Since 1990, the tariff sheets of rate schedules have been increased eight times due to the inflation and the increase in the costs of the wastewater treatment. The base facility charge for residential customers has increased by 55% from \$7.87 in 1990 to \$12.21 currently. The gallonage charge for residential customers has increased by 37% from \$2.26 in 1990 to \$3.10 currently. The tariff sheet of residential customer deposit, however, has never been revised to adopt the increased rates over the past eight years. In Order No. PSC-94-1234-FOF-SU, issued October 11, 1994, "the utility's billing analysis revealed that 96.7 percent of the utility's customers require treatment at the 8,000 gallons level and 93 percent of its customers require treatment at the 6,000 gallons level." Based on the current rate schedule, the average 6,000 gallons per month per customer, and two months of usage, the customer deposit should be \$62.00.

This way of calculating customer deposits based on two months of average usage for the corresponding meter size is consistent with past Commission practice and Rule 25-30.311(7), Florida Administrative Code. Bills are due and payable when rendered and become delinquent if not paid within twenty days. After five working days written notice is mailed to the customer, service may then be disconnected. The period from the first billing day to the day the service of a delinquent customer is disconnected is approximately two months. The customer deposit should be

DOCKET NO. 980360-SU
April 30, 1998

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if Issue 1 is approved, the tariff sheets should become effective for service rendered on or after the stamped approval date of the tariff sheets, pursuant to 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. (CHU, FLEMING)

STAFF ANALYSIS: 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.