



Public Service Commission

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RECORDS AND REPORTING

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RECEIVED-FPSC

DATE: JUNE 18, 1998

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

FROM: DIVISION OF WATER AND WASTEWATER (GALLOWAY)
DIVISION OF LEGAL SERVICES (FLEMING) *SR JAS*

RE: DOCKET NO. 971466-WS - APPLICATION FOR TARIFF MODIFICATION REGARDING MISCELLANEOUS SERVICE CHARGES BY CINNAMON RIDGE UTILITIES, INC. IN CITRUS COUNTY. *W*

AGENDA: 06/30/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\971466.RCM

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

CASE BACKGROUND

Cinnamon Ridge Utilities, Inc. (Cinnamon Ridge or utility) is a Class C water only utility located in Citrus County, Florida. The utility provides water service to approximately 209 water customers according to its 1997 Annual Report. The utility also reported in its 1997 Annual Report, water revenues in the amount of \$38,428.

Water in the utility's service area is under the jurisdiction of the Southwest Florida Water Management District (SWFWMD). Cinnamon Ridge is not located in a Water Use Caution Area and SWFWMD has placed no restrictions on the utility at this time. The utility's last rate increase of 14.99% was granted pursuant to Order No. PSC-95-0188-FOF-WU, issued February 9, 1995.

On November 7, 1997, the utility filed an application to increase its miscellaneous service charges and implement a customer deposit. On December 29, 1997, staff requested that the utility provide cost justification for the proposed charges, pursuant to Section 367.091(5), Florida Statutes. On March 26, 1998, the utility modified the amount of its proposed charges but provided cost justification for the modified amounts. Staff has prepared the following recommendation which addresses whether the miscellaneous service charges and customer deposit should be approved.

ISSUE 1: Should the utility's proposed miscellaneous service charges and customer deposit be approved?

RECOMMENDATION: Yes. The utility's proposed miscellaneous service charges and customer deposit should be approved. If the utility files revised tariff sheets within thirty days of the issuance date of the order which are consistent with the Commission's vote, staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If the revised tariff sheets are filed and approved, the revised miscellaneous service charges and customer deposit should be implemented on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code, provided customers have received notice. The utility should provide proof that the customers have received notice within 10 days after the date of the notice. (GALLOWAY, FLEMING)

STAFF ANALYSIS: Section 367.081, Florida Statutes, provides authority for the Commission to approve the fixing and the changing of rates charged by utility companies under its jurisdiction. More specific to this docket, Rule 25-30.345, Florida Administrative Code, addresses service charges for utilities. Pursuant to this rule, a utility may charge a reasonable fee to defray the cost of installing and removing facilities and materials. In addition, the utility may have other customer service charges in accordance with their approved tariff.

Miscellaneous service charges routinely were approved by the Commission in accordance with Staff Advisory Bulletin No. 13, 2nd Revised (SAB 13). Since January 11, 1988, when SAB 13 became effective, the miscellaneous service charges, for most utilities have remained the same. SAB 13 defined four categories of miscellaneous service charges, delineated the costs typically recovered in each category, contained an example of an approved level of charges, and provided guidance to utilities as to the procedures for including or revising tariff provisions for these items.

On March 27, 1997, all Staff Advisory Bulletins were rescinded by the Commission. However, Rule 25-30.460, Florida Administrative Code, defines in detail the four categories of miscellaneous service charges. Consistent with Commission practice, when both water and wastewater services are provided, a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions. Lastly, in accordance with Rule 25-30.460(2), Florida Administrative Code, a tariff provision for the recovery of overtime costs when the customer requests that the service be performed after normal working hours can be approved if

the additional costs are documented in the supporting cost justification.

In keeping with the four broad categories of miscellaneous service charges as set forth in Rule 25-30.460, Florida Administrative Code, and as set forth in the utility's tariff, the utility is proposing an increase in the violation reconnection charge and the premises visit (in lieu of disconnection) charge. The utility has provided cost justification for the requested charges as required by our rules. A comparison of the various charges is shown below.

<u>Type of Service</u>	<u>Utility's Current</u>	<u>Utility's Proposed</u>
Initial Connection	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00
Violation Reconnection	\$15.00	\$48.00
Premises Visit (in lieu of disconnect)	\$10.00	\$23.00

The utility's current miscellaneous service charges were effective on August 11, 1988 and have not been updated. We believe that the underlying costs for any function that one could envision being required to provide these services (customer service representative taking order, data processing inputting information, field personnel reading meters, etc.) has increased since 1988. As demonstrated by the price index increase option provided to a jurisdictional utility, the Commission recognizes that general operating costs increase from year to year.

Pursuant to Order No. PSC-96-1320-POF-WS, issued October 30 1996, staff was instructed by this Commission to review the situation which is believed to exist among water and wastewater utilities regarding miscellaneous service charges which have not been updated. With this direction, staff is currently undertaking the project. However, in the interim period until completion of this project, staff will continue to analyze each miscellaneous service charge issue on a case by case basis.

Staff has verified with the utility the costs associated with each of these proposed charges. Staff believes that the costs are prudent and reasonable. The utility provided a breakdown of each charge and the related costs. The utility included costs associated with the labor expense (meter reader and clerical) and with the transportation/vehicle expense.

The utility has also requested a customer deposit be required of its customers as set forth in Rule 25-30.311, Florida

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Administrative Code. Presently, the utility has no customer deposit requirement in its tariff. Based on past Commission practice, the customer deposit is calculated by using the average bill for two months. In Order No. PSC-95-0188-FOF-WU, issued February 9, 1995, the average monthly consumption was 6,320 gallons per residential customer. Given the current rates and the 6,320 gallons per month per customer average, the average bill per month is \$16.32. Therefore, the resulting customer deposit should be \$32.64.

Staff believes that the current miscellaneous service charges and customer deposit should be updated to reflect the costs associated with the service provided. Staff further believes that the utility's filing is reasonable and should be approved and the proposed charges be included as part of its tariff. Therefore, staff is recommending that the utility's proposed miscellaneous service charges and customer deposit should be approved. Also, if the utility files revised tariff sheets within thirty days of the issuance date of the order which are consistent with the Commission's vote, staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision.

If the revised tariff sheets are filed and approved, the revised miscellaneous service charges and customer deposit should be implemented on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code, provided customers have received notice. The utility should provide proof that the customers have received notice within ten days after the date of the notice.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: This docket should be closed if no person, whose interests are substantially affected by the proposed action, files a protest within the 21 day protest period. (FLEMING, GALLOWAY)

STAFF ANALYSIS: This docket should be closed if no person, whose interests are substantially affected by the proposed action, files a protest within the 21 day protest period.