

State of Florida



**Public Service Commission**  
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

**DATE:** JUNE 27, 2002

**TO:** DIRECTOR, DIVISION OF THE COMMISSION  
ADMINISTRATIVE SERVICES (BAYÓ)

**FROM:** DIVISION OF ECONOMIC REGULATION (REVELL) (MERCHANT)  
OFFICE OF THE GENERAL COUNSEL (BRUBAKER)

**RE:** DOCKET NO. 020437-WU - REQUEST FOR APPROVAL OF NEW SERVICE  
CLASSIFICATION TARIFF FILING IN BUENA VISTA SUBDIVISION IN  
PASCO COUNTY BY UTILITIES, INC. OF FLORIDA.  
COUNTY: PASCO

**AGENDA:** 07/09/2002 - REGULAR AGENDA - TARIFF FILING - INTERESTED  
PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: 7/13/2002

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\020437.RCM

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**CASE BACKGROUND**

Buena Vista (utility) is a small water system owned by Utilities, Inc. of Florida and has stand-alone rates in Pasco County. The system serves approximately 1,100 residential customers. This utility was formerly known as Bartelt Sunshine, and was acquired by Utilities, Inc. of Florida (UIF) in 2001. The transfer was approved by Order No. PSC-01-1655-PAA-WS, issued August 13, 2001, in Docket No. 000793-WS. The financial information for 2001 is combined with the other systems in Pasco County in the UIF annual report. However, based on the 2000 Annual Report for Bartelt Sunshine, the utility recorded revenues of \$62,096 and expenses of \$70,958, resulting in a net operating loss of \$8,862.

On February 26, 2002, UIF requested test year approval for its systems located in five counties including Pasco County. For

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administrative purposes, Docket No. 020071-WS was assigned to this case, and the utility's application is due June 30, 2002.

On May 14, 2002, the utility filed for approval of a new class of service for a general service tariff for the Buena Vista system. The Buena Vista tariff only contains residential tariffs, and the utility has recently added a new general service customer and another prospective customer that wishes to be served by the utility. The purpose of this docket is to recommend approval of a new general service tariff. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

**ISSUE 1:** Should the utility's proposed tariff sheet containing rates for general service customers be approved?

**RECOMMENDATION:** Yes, the utility's proposed charges for general service customers should be approved and should be effective for service rendered on or after staff's approval of the filed tariff sheet pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice and after staff verification that the proposed customer notice is adequate. The utility should provide proof that the customers have received notice within 10 days after the date of the notice. (REVELL)

**STAFF ANALYSIS:** The utility presently has a residential-only tariff approved. This tariff is for 5/8-inch service lines, with a minimum charge of \$8.88 per month including 5,000 gallons of usage. For consumption in excess of 5,000 gallons monthly, there is a gallonage charge of 43 cents per 1,000 gallons. These charges are listed on attached Schedule No. 1. The utility recently added a 2-inch metered general service customer and has another prospective general service customer that wishes to be served by the utility. The prospective customer will require a 1-inch metered general irrigation water service.

Section 367.091(5), Florida Statutes, provides that:

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[i]f any request for service of a utility shall be for a new class of service not previously approved, the utility may furnish the new class of service and fix and charge just, reasonable, and compensatory rates or charges therefor. A schedule of rates or charges so fixed shall be filed with the commission within 10 days after the service is furnished. The commission may approve such rates or charges as filed or may approve such other rates or charges for the new class of service.

The 2-inch metered general customer was added to the billing system during the last billing cycle (as of May 14, 2002), and charged the residential rate in effect, since the utility had no other approved rate. The prospective 1-inch customer has not been billed or added to the system to date.

Section 367.091(6), Florida Statutes, states, "[a]n application to establish, increase, or change a rate or charge other than the monthly rates for service pursuant to §367.081 or service availability charges pursuant to §367.101 must be accompanied by a cost justification." The utility's requested tariff includes base facility charge rates for the various general service meter sizes. Each charge was escalated by the non-residential meter-equivalent factor pursuant to Rule 25-30.055(1)(b), Florida Administrative Code. The utility has also proposed that the gallonage charge for the general service tariff be equal to the current residential gallonage charge of \$0.43 per thousand gallons.

The utility has requested a base facility charge of \$22.20 monthly for a 1-inch meter. This was calculated by using the existing residential base facility charge (BFC) of \$8.88 for a 5/8-inch meter, and grossing it up by the meter equivalent factor of 2.5 for a 1-inch meter. The utility estimates that the 1-inch customer will use 7,000 gallons monthly for a total gallonage component of \$3.01. Thus, the utility estimates that the prospective 1-inch customer will generate an additional \$25.21 in monthly revenues.

The utility has requested a base facility charge of \$71.04 monthly for the customer requesting 2-inch general service. This was calculated by using the existing residential BFC and grossing it up by the meter equivalent factor of 8.0 for a 2-inch meter. The utility estimates that the 2-inch customer will use 7,500

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gallons monthly, for a gallonage componenet of \$3.23. The utility estimates that the 2-inch customer will generate an additional \$74.27 in monthly revenues.

These two customers will increase the utility's revenues by approximately \$1,194 per year. This represents a 1.92 percent increase in revenues and will not have a material effect on the utility's overall rate of return.

Staff believes the requested general service water charges proposed by the utility are reasonable. The utility's request should be approved. These charges and the rate structure will be further reviewed in connection with the utility's upcoming rate case.

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**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes. If no protest occurs within 21 days of the issuance date of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. (REVELL, BRUBAKER)

**STAFF ANALYSIS:** If the Commission approves staff's recommendation in Issue 1, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed.

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Buena Vista Development  
WATER MONTHLY SERVICE RATE

SCHEDULE NO. 1

Residential

Present Rate

Minimum Charge: (includes  
5,000 gallons of usage)

Meter size: \$8.88  
5/8" x 3/4"

Gallonage charge per \$0.43  
1,000 Gallons

General Service

Proposed Rate

5/8" x 3/4"	\$ 8.88
1"	22.20
1-1/2"	44.40
2"	71.04
3"	133.20
4"	222.00
6"	444.00

Gallonage charge per \$0.43  
1,000 Gallons