

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: November 13, 2014

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Industry Development and Market Analysis (Roberts) *MR*
Division of Economics (Hudson) *OK Pap*
Office of the General Counsel (Villafrate, Janjic) *OK* *WJL*

RE: Docket No. 140171-WU – Request for approval of water rate tariff for a revision in customer billing from quarterly billing to monthly billing by W.B.B. Utilities, Inc. in Lake County.

AGENDA: 11/25/14 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived Through 11/25/14

SPECIAL INSTRUCTIONS: None

COMMISSION
CLERK

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Case Background

W.B.B. Utilities, Inc. (W.B.B. or Utility) is a Class C water utility located in Lake County serving approximately 74 customers. As of December 31, 2013, the Utility's annual report shows annual operating revenue of \$38,119 and a net operating loss of \$5,807.

On September 4, 2014, Lake Idlewild Utility Company filed an application, on behalf of W.B.B., requesting a revision in customer billing from quarterly to monthly. There is a pending application for the transfer of W.B.B. to Lake Idlewild Utility Company.¹ The 60-day statutory

¹ See Docket No. 140170-WU, In re: Application for approval of transfer of Certificate No. 531-W from W.B.B. Utilities, Inc. to Lake Idlewild Utility Company in Lake County. The sale of the W.B.B. system to Lake Idlewild took place on August 29, 2014, pending Commission approval pursuant to Section 367.07(1), F.S. The current operator is requesting the instant tariff modification on behalf of the certificated entity, W.B.B. Utilities, Inc.

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deadline for the Commission to suspend the Utility's requested tariff revision is November 3, 2014. By letter dated October 27, 2014, the Utility extended this 60-day deadline through November 25, 2014. This recommendation addresses the Utility's request for monthly billing. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should W.B.B.'s proposed tariff to change its billing cycle from quarterly to monthly be approved?

Recommendation: Yes. W.B.B.'s proposed tariff to change its billing from quarterly to monthly should be approved. W.B.B. should be required to bill on a monthly basis until authorized to change the billing cycle by this Commission in a subsequent proceeding. W.B.B. should be required to file a proposed customer notice indicating the change from quarterly to monthly billing and the date on which the change to monthly billing will become effective. The monthly billing should be effective for services rendered on or after the stamped approval date of the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the monthly billing should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Roberts)

Staff Analysis: Currently, W.B.B. bills customers a base facility charge of \$35.61, along with a charge per 1,000 gallons of \$1.55 on a quarterly basis. The Utility filed a request to change its billing from quarterly to monthly. W.B.B. indicated that monthly billing allows for timely price signals, promotes conservation efforts, and allows customers to monitor their water usage in an effort to minimize the impact of their bill. Also, the Utility stated that monthly billing promotes revenue stability by allowing it to cover its monthly operation and maintenance expenses in a more timely manner.

Staff concurs with the Utility that monthly billing is beneficial to both the customers and the Utility. Monthly billing encourages water conservation because customers will get more timely information of their water usage patterns. Also, monthly billing allows the Utility to match revenues as closely as possible to expenses. Therefore, staff believes the Utility's request is reasonable and should be approved. The appropriate monthly rates are shown on Schedule No. 1. The Utility anticipates its final quarterly bill will be issued the end of December 2014 and the first monthly bill will be issued the end of January 2015.

Based on the above, staff recommends that W.B.B.'s proposed tariff to change its billing from quarterly to monthly should be approved. W.B.B. should be required to bill on a monthly basis until authorized to change the billing cycle by this Commission in a subsequent proceeding. W.B.B. should be required to file a proposed customer notice indicating the change from quarterly to monthly billing and the date on which the change to monthly billing will become effective. The monthly billing should be effective for services rendered on or after the stamped approval date of the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the monthly billing should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customer. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose interests are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open. (Villafrate, Janjic)

Staff Analysis: If no protest is filed by a person whose interests are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open.

W.B.B. Utilities, Inc.
Water Rates

	<u>Quarterly Rates</u>	<u>Monthly Rates</u>
<u>Residential Service</u>		
Base Facility Charge by Meter Size		
5/8"x3/4"	\$35.61	\$11.87
3/4"	\$53.42	\$17.81
1"	\$89.03	\$29.68
1-1/2"	\$178.05	\$59.35
2"	\$284.88	\$94.96
3"	\$534.16	\$178.05
4"	\$890.26	\$296.75
6"	\$1,780.52	\$593.51
Charge per 1,000 Gallons - Residential	\$1.55	\$1.55