

State of Florida



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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 30, 2017

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Bruce) *DP PR 8/10/17 WZJ*
Division of General Counsel (Janjic) *JJC*

RE: Docket No. 20170244-WS – Request for approval of amendment to tariff for miscellaneous service charges in Lake County by Lakeside Waterworks, Inc.

AGENDA: 12/15/17 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: *All Commissioners* *(no)*

PREHEARING OFFICER: Administrative

CRITICAL DATES: 1/14/18 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

Lakeside Waterworks, Inc. (Lakeside or utility) is a Class C water and wastewater utility serving approximately 185 water customers and 171 wastewater customers in Lake County. The utility's 2016 annual report indicates total gross revenues of \$64,036 for water and \$57,680 for wastewater.

On November 14, 2017, the utility filed an application for approval of a tariff amendment to increase miscellaneous service charges in Lake County, which includes tariff sheets reflecting the requested charges. This recommendation addresses the utility's request to increase miscellaneous service charges in Lake County. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes (F.S).

Discussion of Issues

Issue 1: Should the Commission approve Lakeside's proposed tariff to increase miscellaneous service charges in Lake County?

Recommendation: Yes. The miscellaneous service charges identified in Table 1-5 are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). In addition, the approved charges 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. (Bruce)

Staff Analysis: Lakeside's current miscellaneous service charges were approved in Docket No. 120317-WS.¹ Section 367.091, F.S., authorizes the Commission to change miscellaneous service charges. Lakeside's request to increase its miscellaneous charges was accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091 (6), F.S. The cost justification provided by the utility reflects the same labor and transportation costs relied on to set the LP Waterworks, a sister company, miscellaneous service charges.² The calculations for the recommended charges for miscellaneous services are shown in Tables 1-1 through 1-4. Table 1-5 displays the utility's current and staff's recommended miscellaneous service charges rounded up to the nearest tenth.

Initial Connection Charge

The initial connection charge is levied for service initiation at a location where service did not exist previously. A Utility representative makes one trip when performing the service of an initial connection. Based on labor and transportation to and from the service territory, staff recommends initial connection charges for Lakeside's water and wastewater systems of \$31.10 for normal hours and \$36.20 for after hours. The calculations are shown in Table 1-1.

¹ Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 120317-WS, *In re: Application for approval to transfer water and wastewater system Certificate Nos. 567-W and 494-S in Lake County from Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.*

² Order No. PSC-2017-0334-PAA-WS, issued August 23, 2017, in Docket No. 20160222-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks.*

**Table 1-1
 Initial Connection Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Administrative Labor (\$28/hr x 1/4 hr)	\$7.00	Administrative Labor (\$28/hr x 1/4 hr)	\$7.00
Field Labor (\$30.42/hr x 1/3 hr)	\$10.14	Field Labor (\$45.63/hr x 1/3 hr)	\$15.21
Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91	Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91
Total	\$31.05	Total	\$36.12

Source: Utility's Cost Justification

Normal Reconnection Charge

A normal reconnection charge is levied for the transfer of service subsequent to a customer requested disconnection. A normal reconnection requires two trips, which includes one to turn service on and the other to turn service off. Based on labor and transportation to and from the service territory, staff recommends normal reconnection charges for Lakeside's water and wastewater systems of \$57.10 for normal hours and \$64.70 for after hours. The calculations are shown in Table 1-2.

**Table 1-2
 Normal Reconnection Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Administrative Labor (\$28/hr x 1/4hr x 2)	\$14.00	Administrative Labor (\$28/hr x 1/4hr)	\$14.00
Field Labor (\$30.42/hr x 1/4 hr x 2)	\$15.21	Field Labor (\$45.63/hr x 1/4hr x 2)	\$22.82
Transportation (\$0.535/mile x 26 miles-to/from x 2)	\$27.82	Transportation (\$0.535/mile x 26 miles-to/from x 2)	\$27.82
Total	\$57.03	Total	\$64.64

Source: Utility's Cost Justification

Violation Reconnection Charge

The violation reconnection charge is levied prior to reconnection of an existing customer after discontinuance of service for cause. The service performed for violation reconnection requires two trips, which includes one trip to turn off service and a subsequent trip to turn on service once the violation has been remedied. Based on labor and transportation to and from the service territory, staff recommends violation reconnection charges for Lakeside’s water system of \$57.10 for normal hours and \$64.70 for after hours. However for Lakeside’s wastewater system, this charge should remain at actual cost pursuant to Rule 25-30.460(1)(c), F.A.C. The calculations are shown in Table 1-3.

**Table 1-3
 Violation Reconnection Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Administrative Labor (\$28/hr x 1/4hr x 2)	\$14.00	Administrative Labor (\$28/hr x 1/4hr x 2)	\$14.00
Field Labor (\$30.42/hr x 1/4 hr x 2)	\$15.21	Field Labor (\$45.63hr x 1/4 hr x 2)	\$22.82
Transportation (\$0.535/mile x 26 miles-to/from) x 2	\$27.82	Transportation (\$0.535/mile x 26 miles-to/from) x 2	\$27.82
Total	\$57.03	Total	\$64.64

Source: Utility’s Cost Justification

Premises Visit Charge

The premises visit charge is levied when a service representative visits premises at the customer’s request for complaint resolution and the problem is found to be the customer’s responsibility. In addition, the premises visit charge can be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill, and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill. A premises visit requires one trip.

Based on labor and transportation to and from the service territory, staff recommends a premises visit charge of \$31.10 for normal hours and \$36.20 for after hours. The calculations are shown in Table 1-4.

**Table 1-4
 Premises Visit Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Administrative Labor (\$28.00/hr x 1/4hr)	\$7.00	Administrative Labor (\$28.00/hr x 1/4hr)	\$7.00
Field Labor (\$30.42/hr x 1/3 hr)	\$10.14	Field Labor (\$45.63/hr x 1/3 hr)	\$15.21
Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91	Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91
Total	\$31.05	Total	\$36.12

Source: Utility's Cost Justification

Conclusion

Based on the aforementioned, the miscellaneous service charges identified in Table 1-5 are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges 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.

**Table 1-5
 Miscellaneous Service Charges**

	Current	Staff Recommended	
	Normal and After Hours	Normal Hours	After Hours
Initial Connection Charge	\$15.00	\$31.10	\$36.20
Normal Reconnection Charge	\$15.00	\$57.10	\$64.70
Violation Reconnection Charge (Water Only)	\$15.00	\$57.10	\$64.70
Violation Reconnection Charge (Wastewater Only)	Actual Cost	Actual Cost	
Premises Visit Charge	\$10.00	\$31.10	\$36.20

Source: Staff Analysis

Issue 2: Should this docket be closed?

Recommendation: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed. (Janjic, Bruce)

Staff Analysis: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed.