|  |  |  |  |
| --- | --- | --- | --- |
| State of Florida  pscSEAL | | 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: | May 23, 2018 | | |
| TO: | Office of Commission Clerk (Stauffer) | | |
| FROM: | Division of Accounting and Finance (Cicchetti)  Division of Economics (Sibley, Hudson)  Office of the General Counsel (Crawford) | | |
| RE: | Docket No. 20180042-WS – Application for approval of tariff for the gross-up of CIAC in Martin County, by Indiantown Company, Inc. | | |
| AGENDA: | 06/05/18 – Regular Agenda – Tariff Filing – Interested Persons May Participate | | |
| COMMISSIONERS ASSIGNED: | | | All Commissioners |
| PREHEARING OFFICER: | | | Administrative |
| CRITICAL DATES: | | | 7/1/2018 (60-Day Suspension Date) |
| SPECIAL INSTRUCTIONS: | | | Place next to Docket No. 20180059-WU. |

Case Background

Indiantown Company, Inc. (Indiantown or utility) is a Class A utility providing water and wastewater services in Martin County to approximately 2,181 customers. The utility reported in its 2016 annual report operating revenues in the amount of $758,519 for water and $1,241,519 for wastewater. The utility did not collect any contributions in aid of construction (CIAC) for 2016.

On April 20, 2018, the Commission approved CIAC gross-up tariffs for the utility. After the approval of the gross-up tariff, the utility found a typographical error found in the formula for land and cash contributions. On May 2, 2018, the utility filed a tariff reflecting the correction in the formula. Attachment A of this recommendation shows the corrected tariff in legislative format. This recommendation addresses the utility's request for approval of a corrected gross-up tariff. The Commission has jurisdiction pursuant to Sections 367.081 and 367.091, Florida Statutes.

Discussion of Issues

Issue :

 Should Indiantown’s request for approval of corrected tariff sheets be approved?

Recommendation:

 Yes, the corrected tariff filed on May 2, 2018, should be approved. The approved gross-up charges should be effective for connections made on or after the stamped approval date on the tariff sheets. (Cicchetti, Sibley, Hudson)

Staff Analysis:

 After the approval of gross-up tariffs, the utility found a typographical error in the formula for land and cash contributions. On May 2, 2018, the utility filed a corrected gross-up tariffs (Attachment A). Staff agrees that the formula contained an error and needs to be corrected. The original tariffs that were filed and approved contained an extraneous combined tax rate factor. Removing the extraneous combined tax rate factor results in the corrected formula appropriately increasing the amount collected for taxes.

Based on the above, **staff** **recommends that** the corrected tariff filed on May 2, 2018, should be approved. The approved gross-up charges should be effective for connections made on or after the stamped approval date on the tariff sheets.

***Issue 2:***

 Should this docket be closed?

Recommendation:

 If a protest is filed by a substantially affected person within 21 days of issuance of the order, the corrected tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest.  If no timely protest is filed, the docket should be closed upon issuance of the consummating order. (Crawford)

Staff Analysis:

 If a protest is filed by a substantially affected person within 21 days of issuance of the order, the corrected tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest.  If no timely protest is filed, the order should become final upon the issuance of a consummating order.



