

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: August 26, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Bethea, Hudson) *JGH*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20220112-WS – Application for approval to establish a service availability charge for new radio frequency meter installations, by Southlake Utilities, Inc.

AGENDA: 08/18/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 3/15/2023 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

Southlake Utilities, Inc. (Southlake or utility) is a Class B utility which provides water and wastewater service to approximately 3,371 water and 3,194 wastewater customers in Lake County. According to the utility's 2021 annual report, the utility's operating revenues were \$981,750 for water and \$1,329,614 for wastewater. The utility's operating expenses were \$719,108 for water and \$1,224,689 for wastewater.

On June 15, 2022, Southlake filed an application to establish service availability charges for new radio frequency meter installations. The official filing date was established as July 15, 2022. On July 27, 2022, the utility waived the 60-day suspend provision of Section 367(6), Florida Statutes (F.S.). Service availability charges are cash contributions new customers or developers make to a utility prior to connecting to the facilities; meter installation charges are a type of service availability charge. This recommendation addresses radio frequency meter installation charges

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for Southlake. The Commission has jurisdiction pursuant to Sections 367.081, 367.091 and 367.101, F.S.

Discussion of Issues

Issue 1: Should Southlake's request to revise its meter installation charges be approved?

Recommendation: Yes. Southlake's request to revise its meter installation charges should be approved. The appropriate meter installation charges should be \$402.31 for the 5/8 x 3/4 inch meter, \$556.49 for the 1-inch meter, and at actual cost for all other meter sizes. The utility should file a revised tariff sheet and a proposed notice to reflect the Commission-approved meter installation charges. Southlake should provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. The utility should provide proof of noticing within 10 days of rendering the approved notice. (Bethea, Hudson)

Staff Analysis: Pursuant to Section 367.101, F.S., the Commission shall set just and reasonable charges and conditions for service availability. The utility's existing meter installation charges were set in 1991 at \$130 for the 5/8 x 3/4 inch meter, \$210 for the 1-inch meter, and at actual cost for all other meter sizes.¹ The existing meters are manual read while the new meters the utility will install are radio frequency (RF) meters. The utility indicated that, in time, the RF meters would help lower Southlake's meter reading labor costs and provide more system information from meter reads.

Southlake's proposed material and installation costs for RF meters are \$402.31 for the 5/8 x 3/4 inch meter and \$556.49 for the 1-inch meter. All other meter sizes are at actual cost. Pursuant to Rule 25-30.565(3)(t), Florida Administrative Code, Southlake is required to provide a schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type. Table 1-1 reflects the utility's cost justification for its requested meter installation charges.

¹Order No. 24564, issued May 21, 1991, in Docket No. 900738-WS, *In re: Application of Southlake Utilities, Inc. for water and wastewater certificates in Lake County.*

**Table 1-1
Service Availability Charges
Meter Installation Cost**

New Meter Cost		
	5/8 x 3/4"	1"
Radio Frequency Meters	\$225.77	\$376.64
Double Meter Box	\$46.22	\$46.22
Meter Coupling	\$9.29	\$10.48
Backflow Check Valve	\$89.88	\$92.00
Total Material Cost	\$371.16	\$525.34
Labor to install (one hour)	\$23.08	\$23.08
Overhead (35 percent)	\$8.08	\$8.08
Total Meter Installation Cost	\$402.31	\$556.49

Source: Utility's Cost Justification

Southlake's proposed meter installation charges are based on the estimated cost to install RF meters, the required backflow prevention device for each meter size, and labor associated with the installation. The utility provided invoices to support the material charges. The labor costs are based on the average hourly rate of two employees. The Commission has previously approved meter installation charges at this amount for the 5/8 x 3/4 inch meter.² Staff believes the meter installation charges are reasonable and should be approved.

At this time, the proposed meter installation charges are applicable only to new customers who would be contributing infrastructure to the utility. Southlake explained that it has replaced existing meters with the RF meters in localized communities, at its own expense, in order to offset the expense of hiring additional personnel. The utility indicates a complete change out of existing manual read meters would be a capital project in the future.

Based on the above, Southlake's request to revise its meter installation charges should be approved. The appropriate meter installation charges should be \$402.31 for the 5/8 x 3/4 inch meter, \$556.49 for the 1-inch meter, and at actual cost for all other meter sizes. The utility should file a revised tariff sheet and a proposed notice to reflect the Commission-approved meter installation charges. Southlake should provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. The utility should provide proof of noticing within 10 days of rendering the approved notice.

²Order No. PSC-18-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*

Issue 2: Should this docket be closed?

Recommendation: The docket should remain open pending staff's verification that the revised tariff sheet and notice have been filed by Southlake 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 property owners, the docket should be administratively closed. (Sandy)

Staff Analysis: The docket should remain open pending staff's verification that the revised tariff sheet and notice have been filed by Southlake 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 property owners, the docket should be administratively closed.