

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

May 9, 1991

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING
FROM : DIVISION OF WATER AND SEWER (S. CAUSSEUX, STARLING) *Wlw G. H. S. C. 98 RC*
DIVISION OF LEGAL SERVICES (FRAZIER) *RA ASD*
RE : UTILITY: TOMOKA WATER WORKS, INC.
DOCKET NO.: 910072-WU
COUNTY: VOLUSIA
CASE: APPLICATION FOR LIMITED PROCEEDING RATE INCREASE
AGENDA : 5/21/91 - CONTROVERSIAL AGENDA - PROPOSED AGENCY ACTION - PARTIES MAY PARTICIPATE

CRITICAL DATES: NONE

CASE BACKGROUND

Tomoka Water Works, Inc. (utility) is a Class C water utility which serves approximately 255 customers in Volusia County. According to the 1989 Annual Report on file with the Commission, the utility reported operating revenue of \$27,344 for 1989 with an operating loss of \$5,176.

The utility's rates were last adjusted by the 1990 Price Index provisions, with the rates becoming effective July 6, 1990. The utility's last rate case was addressed in Docket No. 881583-WU, Order No. 21674, issued on August 3, 1989. As part of that proceeding, the utility was authorized a return on equity of 12.19%, with an overall rate of return of 11.85%.

The Department of Environmental Regulation (DER) has required the installation of an auxiliary generator, with automatic start-up capabilities. On January 18, 1991, the utility filed its application requesting a limited proceeding rate increase. Several deficiencies were noted and the utility was notified of the deficiencies by letter dated January 30, 1991. On March 22, 1991, the utility filed additional data to address the deficiencies. The official date of filing was established on March 22, 1991. The utility submitted additional expense data on April 8, 1991.

DOCUMENT NUMBER-DATE

04393 MAY-3 1991

FPSC-RECORDS/REPORTING

Docket Nos. 910265-TC - 910281-TC
April 18, 1991

DISCUSSION OF ISSUES

ISSUE 1: Should the pay telephone service (PATS) providers referenced in the above dockets be required to show cause why the Commission should not fine each of them \$250 or, in the alternative, why these PATS providers should not have their certificates revoked for failure to comply with Rule 25-24.520, Florida Administrative Code requiring annual reports, and Rule 25-4.043, requiring responses to Commission inquiries?

RECOMMENDATION: Yes, staff recommends that each of the referenced companies be required to show cause why they should not be fined or, in the alternative, have their certificate revoked for failure to comply with Rule 25-24.520 and Rule 25-4.043, Florida Administrative Code.

STAFF ANALYSIS: Rule 25-24.520, Florida Administrative Code, requires the filing of annual reports with the Commission, by January 31st. Rule 25-4.043 Florida Administrative Code requires that all entities under the Commission's jurisdiction reply to Commission inquiries. As certificated Pay Telephone Service (PATS) providers, the companies listed in Table 1, Attachment A are subject to the jurisdiction of this Commission and have failed to file the required reports. A notice was sent on December 5, 1990, notifying each PATS provider of this requirement and requesting compliance. As of April 1, 1991, the companies referenced in Table 1, Attachment A have not responded. A copy of the notice is attached hereto as Attachment B.

It is Staff's recommendation that PATS providers who respond to the show cause action should be treated on a case by case basis and that any company or person not responding within 20 days of the show cause order should have its certificate automatically cancelled. Staff recommends that no fine be imposed on any PATS provider whose certificate is cancelled. However, a company whose certificate is cancelled without the imposition of a fine cannot be relieved of its responsibility to pay its regulatory assessment fees.

For those companies whose certificates are cancelled, the local exchange company will be required to disconnect their PATS lines. These cancellations will be automatic and it will not be necessary to bring a cancellation back before the Commission. Staff believes that cancellation without a fine is the most efficient and cost-effective way to manage PATS providers who do not comply with the annual report requirement and that this procedure will help purge the Commission's files of PATS providers no longer in operation.

DOCKET NO. 910072-WU
MAY 9, 1991

DISCUSSION OF ISSUES

ISSUE 1: What is the appropriate increase percentage to apply to existing rates?

RECOMMENDATION: The utility should be authorized a revenue increase of \$1,119, or 2.74% increase in rates. (S. CAUSSEUX, STARLING)

STAFF ANALYSIS: As part of the application, the utility submitted invoices detailing the cost of the generator installed to correct the DER deficiency. Additional invoices supporting the power costs to operate the generator were submitted on April 8, 1991. Staff has reviewed the invoices, and has determined the costs to be reasonable. The utility did not request rate case expense for the limited proceeding, therefore, no allowance for rate case expense will be considered by staff.

The utility requested an increase of \$1,119 in annual revenue. Staff agrees with the calculated increase to revenue, and the calculation is reflected on Schedule No. 1, attached to this recommendation. This results in an increase to rates of 2.74%.

ISSUE 2: What are the appropriate rates?

RECOMMENDATION: The rates as reflected in the staff analysis should be approved. These rates will become effective for meter readings thirty (30) days after the stamped approval date of the tariff sheets. The tariff sheets will be approved upon staff's verification that they are consistent with the Commission's decision and review of the customer notice. The utility should file revised tariff sheets which reflect the approved rates contained herein and a proposed customer notice. (S. CAUSSEUX)

STAFF ANALYSIS: Staff calculated the rates by applying the increase percentage of 1.0274% to the existing rates currently approved in the tariff. The recommended rates are reflected on the following page:

Docket Nos. 910265-TC - 910281-TC
April 18, 1991

ISSUE 2: What is the appropriate fine to be levied in lieu of certificate revocation for failure to file required reports and failure to reply to Commission inquiries?

RECOMMENDATION: Staff recommends that \$250 would be an appropriate amount.

STAFF ANALYSIS: Staff is recommending an increase in the fine from \$100 to \$250 for companies who have failed to file an annual report for 1990. Staff's reasons for an increase in the fine amount are based on several factors presented below.

December 5, 1990, 559 pay telephone providers were mailed notices to file an annual report. As of February 20, 1991, 189 companies or 36% did not file the report. This is a 16% increase over 1989 figures, where 114 out of 690 or 17% of the pay telephone providers were show caused for failure to file an annual report. Out of the 189 companies who failed to file for 1990 only 33 or 17% of those companies were first time filers. The remaining 83% or 156 companies had filed an annual report for past years.

Despite the fact that pay telephone providers decreased by 131 companies from 1989 to 1990, there was an increase in the number of companies who failed to file a report by 16%. Staff has expended many hours preparing the necessary files and recommendations for these violators; and given the fact that the majority of the pay telephone providers who failed to file this year were not first time filers, staff would recommend an increase in the fine amount.

In previous years, staff recommended a maximum fine of \$100 to bring the violation to the attention of the provider and impress upon him the necessity for knowledge of and compliance with the Commission's Rules and Regulations without being unduly burdensome. However, based upon the figures above, an increase in the fine amount is necessary. Furthermore, staff recognizes that repeat offenders warrant special consideration. Repeat offenders will be addressed in a separate recommendation.

DOCKET NO. 910072-WU
MAY 9, 1991

RESIDENTIAL AND GENERAL SERVICE RATES
MONTHLY RATES

<u>METER SIZE</u>	<u>EXISTING RATE</u>	<u>RECOMMENDED RATE</u>
5/8" x 3/4"	\$ 3.57	\$ 3.67
1"	8.93	9.17
1-1/2"	17.86	18.35
2"	28.57	29.35
Gallonage Charge: Per 1,000 Gallons	\$ 1.05	\$ 1.08

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If there are no protests filed to the proposed agency action order for this docket, this docket should then be closed. (S. CAUSSEUX)

STAFF ANALYSIS: If no protests are filed in a timely manner with the Division of Records and Reporting, this docket may be closed.

Docket Nos. 910265-TC - 910281-TC
April 18, 1991

ISSUE 3: Should these dockets be closed?

RECOMMENDATION: These dockets should remain open pending the resolution of the show cause proceedings. However, the docket of any PATS provider that does not respond to the show cause order should be administratively closed upon the expiration of the show cause response period.

STAFF ANALYSIS: These dockets must remain open pending resolution of the show cause proceedings. PATS providers who respond within the show cause period should be handled on a case by case basis. Any company who fails to respond within 20 days of the show cause order shall have its PATS certificate automatically revoked and the related dockets should be administratively closed.

PA
Attachment

DOCKET NO. 910072-WU
 TOMOKA WATER WORKS, INC.

SCHEDULE NO. 1

	DESCRIPTION	ITEM AMOUNT	EFFECT ON NOI/RB	EFFECT ON REVENUE REQ
1	A. O & M EXPENSES ADDED:	\$	\$	\$
2	1. PURCHASED POWER	100	100	105
3				
4				
5	B. INSTALLATION COSTS OF GENERATOR			
6	1. PLANT ADDITIONS - GENERATOR	5,684	674	705
7	2. ANNUAL DEPR EXP @ 5.88%	5,684	334	350
8	3. ANNUAL INCREASE TO ACCUM DEPR	(334)	(40)	(41)
9				-----
10				
11				
12	TOTAL EFFECT ON REVENUE REQUIREMENT			\$ 1,119
13				-----
14				
15	DIVIDE BY ANNUALIZED REVENUE			\$ 40,806
16				-----
17				
18	PERCENTAGE INCREASE TO RATES			2.74%
19				-----
20				

ATTACHMENT A

Docket Nos. 910265-TC - 910281-TC
 April 18, 1991

TABLE 1
 FIRST TIME OFFENDERS

COMPANY NAME	DOCKET NUMBER	CERT. #	DATE OF AUTHORITY	ANNUAL REPORT FILED ON	RAF 1990
PROTECT-ALL, INC. D/B/A KEFCO LEASING	910265-TC	1309	11/26/86	02/03/88 02/10/89 89 - NDS	Y
LA CARIDAD GROCERY	910266-TC	1063	08/05/86	07/22/88 88 - NDS 01/24/90	N
LA NUEVA ESTRELLA RESTAURANT, INC.	910267-TC	1550	04/25/87	87 - NDS 88 - NDS 89 - NDS	Y
LANDLUBBER'S, INC.	910268-TC	2312	06/14/89	03/01/90	N
LOIS J. DELO	910269-TC	2352	08/29/89	89 - NDS	N
LONE STAR AUTO CARE, INC.	910270-TC	2316	06/14/89	89 - NDS	N
LORIN, INC.	910277-TC	1409	01/10/89	02/20/90	Y
LUCILLE G. CREWS	910278-TC	2213	01/10/89	01/11/90	N
LYNDON C. SCHERR	910279-TC	1697	10/20/87	87 - NDS 88 - NDS 12/28/89	Y
L.A.W. DEVELOPMENT D/B/A TARKS RESTAURANT	910280-TC	1375	01/01/87	06/21/88 89 - NDS 02/16/90	Y
MARLIRA CORPORATION	910281-TC	1686	09/26/87	87 - NDS 88 - NDS 89 - NDS	N

NDS - NO DATE STAMPED ON ANNUAL REPORT
 RAF - REGULATORY ASSESSMENT FEE