

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

MARCH 7, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (OKOME, EDWARDS) *ED*
DIVISION OF LEGAL SERVICES (AGARWAL) *AS* *08*

RE: DOCKET NO. 960143-WU - REQUEST FOR APPROVAL TO CHANGE
BILLING FROM MONTHLY TO QUARTERLY IN MARION COUNTY BY
QUAIL MEADOW UTILITIES, INC.
COUNTY: MARION

AGENDA: MARCH 19, 1996 - REGULAR AGENDA - TARIFF FILING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 04/14/96

SPECIAL INSTRUCTIONS: I:\PSC\WAW\WP\960143WU.RCM

DOCUMENT NUMBER-DATE

02803 MAR-7 96

FPSC-RECORDS/REPORTING

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CASE BACKGROUND

Quail Meadows Utilities, Inc. (Quail Meadows or utility) is a Class C water utility located in Marion County. As of December 31, 1994, the utility served 106 customers. The utility reported gross operating revenues of \$22,918 and net operating income of \$8,821. The overall rate of return according to the 1994 Annual Report Review is 8.40%.

On February 14, 1996, Quail Meadows submitted a request to revise its tariff to change from monthly to quarterly billing. The utility's rationale for its request to change the billing interval and staff's recommendation are detailed in Issue 1.

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DISCUSSION OF ISSUES

ISSUE 1: Should the tariff filing by Quail Meadows Utilities, Inc. requesting a change in billing frequency be approved?

RECOMMENDATION: Yes. The utility should be granted authority to change from monthly to quarterly billing. Pursuant to Rule 25-30.475, Florida Administrative Code, the effective date of the tariff should become effective after staff's approval of the proposed customer notice and tariff sheets. The tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. The utility should provide notice that the customers have received notice within 10 days after the date of the notice. (OKOME, AGARWAL)

STAFF ANALYSIS: On February 14, 1996, the utility filed a request to change from monthly to quarterly billing. The utility believes the change will result in cost savings in meter reading time, billing costs, personnel costs and postage. The utility also believes the change will benefit customers with reduced postage costs and check charges. A total estimated annual savings of \$3,516 will be realized by the utility. The cost savings represent 15.34% of 1994 operating revenues. The current average monthly bill is \$17.72. The average quarterly bill will be \$53.16 if the utility's request to change from monthly to quarterly billing is approved. The utility further states that many customers consider having to pay a monthly fee a nuisance. Staff called a number of the utility's customers to verify they were in favor of the change and they confirmed the utility's position.

Based on the foregoing, staff recommends that the utility's request to change from monthly to quarterly billing be approved.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if Issue No. 1 is approved, this tariff should become effective in accordance with Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.
(AGARWAL)

STAFF ANALYSIS: Substantially affected persons have 21 days from the effective of the Commission's order in which to file a protest. If Issue No. 1 is approved, this tariff should become effective in accordance with Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, the docket should be closed.