

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tariff filing by Placid
Lakes Utilities, Inc. requesting
allowance to collect deposits on
rental property in Highlands
County.

DOCKET NO. 981744-WU
ORDER NO. PSC-99-1752-TRF-WU
ISSUED: September 7, 1999

The following Commissioners participated in the disposition of
this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

ORDER ACKNOWLEDGING WITHDRAWAL OF TARIFF SHEET TO COLLECT
DEPOSITS FROM ONLY RENTAL CUSTOMERS AND APPROVING REVISED TARIFF
SHEET TO COLLECT CUSTOMER DEPOSITS

BY THE COMMISSION:

BACKGROUND

Placid Lakes Utilities, Inc. (Placid Lakes or utility) is a
Class B water utility providing service to approximately 1,318
customers in Highlands County. The utility is wholly owned by
Lake Placid Holding Company. According to its 1997 annual report,
the utility recorded revenues of \$218,961 and expenses of \$199,153.
The utility's service area is located in a water use caution area
in the Southwest Florida Water Management District.

On November 25, 1998, Placid Lakes filed a tariff requesting
approval to collect deposits from only rental property customers.
By Order No. PSC-99-0168-PCO-WU, issued January 28, 1999, we
suspended Placid Lakes' tariff filing pending further
investigation.

Information supplied in response to data requests shows that
since 1997, the following scenario has occurred concerning the
utility, the tenant, and the property manager. Usually a developer
or contractor builds a rental property and pays the meter

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installation fee and all costs associated with service availability. When the developer or contractor completes construction, the developer or contractor notifies the utility that construction is completed and that all paperwork involving bills, ownership, etc., should be transferred into the name of the property owner. The property owner hires a leasing agent to find a tenant and execute a lessee/lessor agreement. When the agent leases the property to the tenant, instead of the tenant submitting an application for service to establish a contractual agreement between the tenant and the utility, the leasing agent informs the utility to send the bills to the tenant. On April 20, 1999, the utility informed our staff that since 1997, the utility and leasing agent have been under the assumption that once a tenant moves into the rental property, the utility automatically sends the monthly bill to the tenant's address.

Although the tenants do not personally apply for service under the above scenario, the utility treats the tenants tacitly as customers of record and bills them accordingly. For clarification purposes, during a telephone conversation with the utility on April 20, 1999, our staff suggested that the utility have the tenants fill out an application for service which would make the tenant the customer of record. The utility currently does not collect any deposits from its customers.

By the tariff filing submitted on November 25, 1998, the utility proposed to collect deposits from rental property customers with 5/8 X 3/4 inch and one-inch meters. The utility indicated that the basis for the requested deposits from only rental property customers is that there are several rental units located in its certificated territory with tenants who are likely to move without notifying the utility and without leaving a forwarding address. Further, the utility stated that most of the time the utility is not aware that the tenant has moved until the owner, leasing agent, or new tenant calls to complain about the past due amount on the current bill. By implementing a customer deposit charge, the utility would be provided security for collecting monies that it is entitled to for providing services.

On June 3, 1999, during a telephone conversation with the utility's representative, our staff suggested that the utility file a revised tariff sheet establishing customer deposits on all customers located in its certificated territory. On June 7, 1999, the utility submitted a letter withdrawing its previously submitted tariff sheet and filed a revised tariff sheet requesting a customer

ORDER NO. PSC-99-1752-TRF-WU
DOCKET NO. 981744-WU
PAGE 3

deposit charge for all customers. We hereby acknowledge the utility's request to withdraw its tariff sheet filed on November 25, 1998.

REVISED TARIFF REQUESTING COLLECTION OF DEPOSITS FROM
ALL OF THE UTILITY'S CUSTOMERS

As stated above, on June 7, 1999, Placid Lakes filed a revised tariff sheet which proposed customer deposits for all meter sizes. The current base facility charge for residential customers with a 5/8 X 3/4 inch meter is \$7.17, with a one-inch meter it is \$17.93, and with a 1 1/2 inch meter it is \$35.85. The gallonage charge for residential and general service customers is \$1.14 per 1,000 gallons.

The utility stated that the average monthly water bill for a residential rental customer is \$48.56, and the average water consumption per residential rental customer with a 5/8 X 3/4 inch meter and one-inch meter is 48,850 and 40,850 gallons per month, respectively. We recognize that this average consumption for rental units is above normal, but because of the limitations and complexity of this tariff filing, we defer this issue to the utility's next rate case.

Bills are due and payable when rendered and become delinquent if not paid within twenty days. After five working days, written notice is mailed to the customers and service may be disconnected. The period from the first billing date to the day the service of a delinquent customer is disconnected is approximately two months. Thus, using Rule 25-30.311(7), Florida Administrative Code, as a guide, customer deposits are usually based on two months of average usage for the corresponding meter size. Using the 5/8 X 3/4 inch and one-inch meter base facility charges and average consumption per month per customer and based on a two month average bill, the 5/8 X 3/4 inch meter deposit for rental customers would be \$126.00 and the one-inch meter customer deposit would be \$129.00.

On June 15, 1999, the utility submitted additional information in regard to the average water bill amounts and water consumption for residential customers in the Placid Lakes subdivision. The utility stated that the average water bill for residential customers with a 5/8 X 3/4 inch meter is \$16.19, and the average water consumption for residential customers with a 5/8 X 3/4 inch meter is 6,912 gallons per month. The utility stated that these figures are extremely low because the utility has many seasonal

residents who only reside in the area during four or five months of the year.

For informational purposes, we note that on July 7, 1999, the utility submitted additional information regarding the amount of residential customer bills and usage when seasonal customers are in residence during the four or five months of the year mentioned above. Based on this information, the average bill for these customers is \$19.00 and average consumption is 10,335 gallons per month.

As previously stated, we have used Rule 25-30.311(7), Florida Administrative Code, as a guide for determining the amount of the customer deposit. By calculating the customer deposit based on a two month average bill as set forth in Rule 25-30.311(7), Florida Administrative Code, the customer deposit would only be \$32.00 when the average water bill is considered and \$38.00 when the average water bill for four or five months of residence is considered.

We find that the customer deposit should be high enough to ensure that the renters, who are the cost causers and who are creating debt expense for the utility, are more likely to inform the utility when they are moving and to forward the utility their new address in order to receive the refund of their deposit. Moreover, customer deposits based on two months of average usage for the 5/8 X 3/4 inch meter size for a residential customer would be too small to be cost effective for the utility. Therefore, we find that the utility's requested deposit of \$100.00 for a 5/8 X 3/4 inch meter for all residential and general service customers is fair, just, and reasonable, and it is approved.

The utility's revised tariff sheet also proposes a \$150.00 customer deposit for general service customers with one-inch and 1 1/2 inch meters. According to the utility, the average monthly water bill for a general service customer with a one-inch meter and a 1 1/2 inch meter is \$50.00 and \$101.00, respectively. The average water consumption for a general service customer with a one-inch and 1 1/2 meter is 27,873 and 56,960 gallons per month, respectively. Using the one-inch meter base facility charge and average consumption per month per customer based on a two month average bill, the one-inch meter customer deposit would be \$100.00. Using the 1 1/2 inch meter base facility charge and average consumption per month per customer based on a two month average bill, the 1 1/2 inch meter customer deposit would be \$202.00. Thus, we find that the utility's requested deposit of \$150.00 for

ORDER NO. PSC-99-1752-TRF-WU
DOCKET NO. 981744-WU
PAGE 5

all meter sizes larger than 5/8 X 3/4 inch meter for residential and general service customers is fair, just, and reasonable, and it is approved.

The revised tariff sheet shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, Florida Administrative Code, provided customers have received notice. If a timely protest is filed, the revised tariff sheet shall remain in effect pending resolution of the protest. If a timely protest is not filed upon expiration of the protest period, this Order shall become final and effective upon the issuance of a Consummating Order and the docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Placid Lakes Utilities, Inc.'s revised tariff sheet filed on June 7, 1999, is hereby approved. It is further

ORDERED that the withdrawal of the tariff sheet filed on November 25, 1998, is hereby acknowledged. It is further

ORDERED that Placid Lakes Utilities, Inc., shall charge customer deposits as set forth herein. It is further

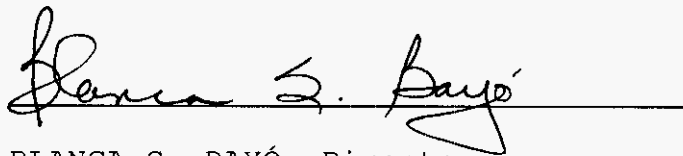
ORDERED that the revised tariff sheet shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet, provided customers have received notice. It is further

ORDERED that if a timely protest is filed, the revised tariff sheet shall remain in effect pending resolution of the protest. It is further

ORDERED that if no timely protest is filed upon the expiration of the protest period, this Order shall become final and effective upon the issuance of a Consummating Order and the docket shall be closed.

ORDER NO. PSC-99-1752-TRF-WU
DOCKET NO. 981744-WU
PAGE 6

By ORDER of the Florida Public Service Commission this 7th
Day of September, 1999.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a solid horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

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ORDER NO. PSC-99-1752-TRF-WU
DOCKET NO. 981744-WU
PAGE 7

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 28, 1999.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.