

MEMORANDUM

August 16, 1996

TO: ALICE CROSBY, DIVISION OF LEGAL SERVICES
DIVISION OF RECORDS AND REPORTING

FROM: CHRISTINE TOMLINSON, DIVISION OF WATER AND WASTEWATER *CT*

RE: DOCKET NO. 960653-WS; REQUEST FOR EXEMPTION FROM FLORIDA PUBLIC SERVICE COMMISSION REGULATION FOR PROVISION OF WATER AND WASTEWATER SERVICE IN BROWARD COUNTY BY BANYAN BAY APARTMENT HOMES.

On May 24, 1996, this Commission received an application from Banyan Bay Apartment Homes (Banyan Bay or utility) for a reseller exemption pursuant to Section 367.022(8), Florida Statutes for the water and wastewater system. The primary contact person for Banyan Bay is Fred Pierce, regional manager of ZOM Residential Services, Inc. Mr. Pierce's address is 2255 Glades Road, Suite 324 Atrium, Boca Raton, Florida 33431. The application was signed by Mr. Pierce. A letter of authorization was provided by Mr. Mark Mahony, Senior Vice President of Consolidated Apartment Ventures, L.P., owner of Banyan Bay, stating that Mr. Pierce has the authority to sign the reseller application.

The application was filed in accordance with Section 367.022(8), Florida Statutes, and Rules 25-30.060(1), (2), and (3)(h), Florida Administrative Code. Included with the exemption application was a statement setting out statutory and factual basis for the exemption. The application acknowledged the requirements of Rule 25-30.111, Florida Administrative Code, regarding annual reporting requirements. The applicant also acknowledged the requirements of Section 367.122, Florida Statutes, which deals with the examination and testing of meters; and Rules 25-30.262 through 25-30.267, Florida Administrative Code which explains the responsibilities of the utility owner for insuring the accuracy of the meters.

Banyan Bay is an apartment complex, consisting of 416 units. Banyan Bay is located at 4303 W. Atlantic Boulevard, Coconut Creek, Florida 33066. Banyan Bay plans to purchase water and wastewater service from the City of Margate (the City) and resell these services to the residents at a rate that does not exceed the actual price paid for the water and wastewater service.

Included with the application was a schedule of the utility's current rates and charges, an explanation of the reseller's proposed rates and charges, an explanation of the proposed method of billing customers for water and wastewater service, and a schedule showing the amount billed will not exceed the amount paid for water and wastewater. Enviro-check will do the billing on behalf of Banyan Bay. Banyan Bay does plan on charging a \$25.00 NFS fee for any check which is returned from the bank for lack of funds, pursuant to Section 832.07(1)(a), Florida Statutes. Banyan Bay does not propose any other miscellaneous/administrative charges or security deposits. Banyan Bay will be responsible for service to common areas. The utility does not propose to charge any additional administrative/processing fees to the residents. Furthermore, the applicant acknowledged Section 837.06, Florida Statutes, regarding false statements.

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Banyan Bay is proposing an allocation method for billing the individual apartments based on the total number of residents on a per bathroom basis. Upon receiving the bill from the City, the base water and wastewater charge will be allocated evenly to each 416 apartments (\$3.41 for water and \$9.81 for wastewater per unit). The consumption from the nineteen meters would be added together to get the total consumption for the community for that month. The total consumption would then be allocated based on the number of residents per floor plan. Therefore, the allocated consumption would be divided by the total number of residents in all 416 apartment units. Banyan Bay contains four different floor plans: 116 of Plan A-1, 124 of Plan A-2, 40 of Plan B-1, and 136 of Plan B-2. Lease statistics for Los Prados show that the average number of residents in a Plan A-1 unit is 1.14 persons, Plan A-2 unit is 1.36 persons, Plan B-1 unit is 1.73 persons, and in a Plan B-2 unit is 1.72 persons.

The City's rates and charges for water and wastewater service, on a monthly basis, are as follows:

WATER:

Service Availability charge per unit: \$4.81
Capacity reservation charge per unit: \$2.26
Consumption charge per 1,000 gal.: \$1.14
Utility Tax (water only): 10%

WASTEWATER:

Service availability charge per unit: \$9.81
Capacity reservation charge per unit: \$3.54
Consumption charge per 1,000 gal.: None

Banyan Bay's proposed monthly rates and charges for water and wastewater service are as follows:

WATER:

Base charge: \$3.41
Consumption charge per 1,000 gal.: \$1.14

WASTEWATER:

Base charge: \$9.81

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Consumption charge per 1,000 gal.: None

To illustrate their methodology, Banyan Bay submitted the following example based on an actual bill that Banyan Bay received from the City for one month's usage.

Actuals

1. Total consumption from the nineteen meters - 1,977,300 gallons
2. Banyan Bay contains four floor plans with accurate statistical occupancy data for each floor plan.
3. All 416 apartment units are fully occupied with a total of 604 residents.

Banyan Bay received the following bill from the City:

Consumption of 1,977,300 gallons

Water Charge:

Base: 416 units x \$3.41	\$1,418.56
Consumption: 1,977 x \$1.14	2,254.12
Utility Tax	<u>293.81</u>

TOTAL WATER BILL \$3,966.49

Wastewater Charge:

416 units x \$9.81	<u>4,080.96</u>
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TOTAL WASTEWATER BILL \$4,080.96

TOTAL \$8,047.45

Individual resident bills:

Basis of calculations:

1. The total amount of residents in all 416 apartment units is 604. The occupancy per floor plan is also known. (see below)
2. The consumption for all apartment units was 1,977,300 gallons.
3. Consumption of 1,977,300 gallons divided by 604 residents equals approximately 3,000 gal per resident.
4. Banyan Bay contains four floor plans consisting of the following:

<u>Plan</u>	<u>Plan Type</u>	<u>Persons per unit</u>	<u>Number of units per plan</u>
A-1	1-BdRm, 1-Bath	1.14	116
A-2	1-BdRm, 1-Bath	1.36	124
B-1	2-BdRm, 1-Bath	1.73	40
B-2	2-BdRm, 2-Bath	1.72	136

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The residents would have received the following bill from Banyan Bay:

Plan A-1:		
	Water Base Charge	\$ 3.41
	Water Usage (3 kgal/person x 1.14 persons x \$1.14)	\$ 3.90
	Utility Tax (8%)	\$ 0.58
	Sewer Base Charge	<u>\$ 9.81</u>
	TOTAL BILL (Plan A-1)	\$ 17.70
Plan A-2:		
	Water Base Charge	\$ 3.41
	Water Usage (3 kgal/person x 1.36 persons x \$1.14)	\$ 4.65
	Utility Tax (8%)	\$ 0.64
	Sewer Base Charge	<u>\$ 9.81</u>
	TOTAL BILL (Plan A-2)	\$ 18.51
Plan B-1:		
	Water Base Charge	\$ 3.41
	Water Usage (3 kgal/person x 1.73 persons x \$1.14)	\$ 5.92
	Utility Tax (8%)	\$ 0.75
	Sewer Base Charge	<u>\$ 9.81</u>
	TOTAL BILL (Plan B-1)	\$ 19.89
Plan B-2:		
	Water Base Charge	\$ 3.41
	Water Usage (3 kgal/person x 1.72 persons x \$1.14)	\$ 5.88
	Utility Tax (8%)	\$ 0.74
	Sewer Base Charge	<u>\$ 9.81</u>
	TOTAL BILL (Plan B-2)	\$ 19.84

Accountability check:

116 Plan A-1 x \$17.70 -	\$2,053.20	
124 Plan A-2 x \$18.51 -	\$2,295.24	
40 Plan B-1 x \$19.89 -	\$ 795.60	
136 Plan B-2 x \$19.84 -	\$2,698.24	
Total Revenue Collect by Banyan Bay:		\$7,842.28
Total Billed by City:		\$8,047.45

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As previously stated Enviro-check will be doing the billing. The master meters will be read once a month.

In conclusion, Banyan Bay's rate or charge will not exceed the actual purchase price. According to Section 21.08(c)(14), Administrative Procedures Manual, staff has been given administrative authority to approve clear-cut or non-controversial requests for determination of exempt status. Staff recommends that an administrative order be issued as soon as possible finding Banyan Bay exempt from Commission regulation pursuant to Section 367.022(5) and (8), Florida Statutes. Staff further recommends that the order require Banyan Bay to notify this Commission in the event of any change of circumstances or method of operation of its water and/or wastewater system. Furthermore, staff recommends that this docket be closed.

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