

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

MEMORANDUM

JUNE 12, 1997

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11:45
FPSC - Records/Reporting

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

FROM: DIVISION OF WATER & WASTEWATER (GOLDEN, REDEMANN) *mas bsm*
DIVISION OF LEGAL SERVICES (CROSBY) *Los*

RE: DOCKET NO. 961249-WU - SUNRISE WATER COMPANY, INC. -
APPLICATION FOR GRANDFATHER CERTIFICATE TO PROVIDE WATER
SERVICE IN POLK COUNTY BY SUNRISE WATER COMPANY, INC.
COUNTY: POLK

AGENDA: JUNE 24, 1997 - REGULAR AGENDA - PROPOSED AGENCY ACTION
FOR A PORTION OF ISSUE 2 - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\961249WU.RCM

DOCUMENT NUMBER-DATE
05786 JUN 11 97
FPSC-RECORDS/REPORTING

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CASE BACKGROUND

On May 14, 1996, the Board of County Commissioners of Polk County adopted a resolution, pursuant to Section 367.171, Florida Statutes, declaring the water and wastewater utilities in that County subject to the provisions of the Water and Wastewater Regulatory Law, Chapter 367, Florida Statutes. The resolution was acknowledged by this Commission on July 11, 1996, by Order No. PSC-96-0896-POF-WS. Pursuant to Section 367.171, Florida Statutes, a utility subject to the jurisdiction of this Commission must obtain a certificate of authorization. Accordingly, on October 16, 1996, Sunrise Water Company, Inc. (Sunrise or utility) filed an application for a certificate under grandfather rights to provide water service in Polk County. The utility's application was found to be deficient. The utility corrected the deficiencies on April 4, 1997.

Sunrise is a Class C utility which provides water service to single family residences and mobile homes in the Sunrise Acres Subdivision, an unrecorded subdivision known as Pinewood, and an unrecorded mobile home village located in Polk County. According to the application, the utility was established in 1977. As of October 16, 1996, the utility was serving 282 residential water customers. The application states that the service area is built out at this time. The utility's facilities consist of one water treatment plant and one water transmission and distribution system. The following is staff's recommendation regarding the utility's application for a grandfather certificate.

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DISCUSSION OF ISSUES

ISSUE 1: Should the application of Sunrise Water Company, Inc. for a water certificate be granted?

RECOMMENDATION: Yes, Sunrise Water Company, Inc. should be granted Water Certificate No. 584-W to serve the territory described in Attachment A. (GOLDEN, REDEMANN)

STAFF ANALYSIS: As discussed in the case background, on October 16, 1996, Sunrise filed its application for a grandfather certificate to provide water service in Polk County. The application is in compliance with the governing statute, Section 367.171, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for a grandfather certificate. The rules and statutes do not require noticing for grandfather certificate applications. The application contains a check in the amount of \$500, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which its facilities are located as required by Rule 25-30.035(6), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.035(9), (10), and (11), Florida Administrative Code. The territory description granted by Polk County to Sunrise was not correct. The original franchise incorrectly indicated that the service territory was in Section 13. The service area is actually entirely within Section 21. The utility's attorney traced the error to the original Resolution Granting a Water Franchise to Sun Acres Water Company (Sun Acres) on August 9, 1977. Sun Acres subsequently began operating under the name Sunrise Water Company, Inc. The error was carried forward to the 1990 Franchise Agreement granted to Sunrise. The utility submitted a revised metes and bounds territory description that includes the area generally known as Sunrise Acres Subdivision, an unrecorded subdivision known as Pinewood, and an unrecorded mobile home village, which they are presently serving. Staff recommends that this territory be approved. A description of the correct territory is appended to this memorandum as Attachment A. Additionally, staff has contacted the Department of Environmental Protection (DEP) and learned that there are no outstanding notices of violation.

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Based on the above information, staff believes it is appropriate to grant Sunrise's application for a grandfather certificate. Accordingly, staff recommends that Sunrise be granted Water Certificate No. 584-W to serve the territory described in Attachment A.

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ATTACHMENT A

SUNRISE WATER COMPANY, INC.

POLK COUNTY

TERRITORY DESCRIPTION

WATER SERVICE AREA

Township 28 South, Range 25 East, Section 21

Serving an area generally known as Sunrise Acres Subdivision, an unrecorded subdivision known as Pinewood, and an unrecorded mobile home village. More particularly described as:

From the Northwest corner of Section 21, also the Point of Beginning, run due East (along the South line of Section 16 and the North line of Section 21) for a distance of 2618.23 feet, more or less; thence, due South a distance of 1313 feet, more or less; thence due West a distance of 1455.20 feet, more or less; thence due South a distance of 235 feet, more or less; thence due West a distance of 405 feet, more or less; thence due South a distance of 1063 feet, more or less; thence due West a distance of 420.71 feet, more or less; thence due North a distance of 695 feet, more or less; thence due West a distance of 340 feet, more or less, to the West line of Section 21; thence due North a distance of 1922.35, more or less, to the Point of Beginning.

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ISSUE 2: What rates and charges should be approved for this utility?

RECOMMENDATION: The rates and charges as detailed in the staff analysis should be approved. The effective date of the rates and charges should be the stamped approval date on the tariff. The portion of the Order concerning the approval of miscellaneous service charges should be issued as proposed agency action.
(GOLDEN, CROSBY)

STAFF ANALYSIS: The Utility's current water rates and charges were established by the Polk County Board of County Commissioners on June 21, 1988. On December 9, 1996, the Florida Public Service Commission approved a pass-through rate increase to recognize the difference in regulatory assessment fees charged by Polk County and the Commission. (Subsection 367.171(2)(c), Florida Statutes, provides for approving rates prior to the actual issuance of a grandfather certificate.)

The utility has requested approval to replace its existing miscellaneous service charges with the standard miscellaneous service charges that are typically approved by the Commission, and continue charging its previously approved late payment fee. Rule 25-30.345, Florida Administrative Code, permits utilities to assess charges for miscellaneous services. The principal purpose of such charges is to provide a means by which the utility can recover the costs of providing miscellaneous services from those customers who require the services. Thus, costs are more closely borne by the cost causer rather than the general body of ratepayers.

Commission practice has been to require utilities to implement miscellaneous service charges in conjunction with rate case proceedings, or approve them administratively upon a utility's request. Accordingly, staff believes it is appropriate to allow the utility to adopt the standard miscellaneous service charges that are typically approved by the Commission. Staff recommends that the portion of the Order concerning the approval of miscellaneous service charges should be issued as proposed agency action. The utility's current water rates and charges, and staff's recommended miscellaneous service charges are as follows:

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Monthly Service Rates

Minimum Charge (Includes the first 5,000 gallons):

Meter Size:

5/8" x 3/4" \$ 8.85

Gallonage Charge
per 1,000 gallons
over the first 5,000
gallons \$ 1.31

Customer Deposits

Residential \$ 35.00

Miscellaneous Service Charges

| | <u>Current</u> | <u>Staff Recommended</u> |
|--|----------------|------------------------------|
| Initial Connection Fee | \$ 10.00 | \$ 15.00 |
| Normal Reconnection Fee | N/A | \$ 15.00 |
| Violation Reconnection Fee | \$ 20.00 | \$ 15.00 |
| Premises Visit Fee (in lieu of disconnection) | N/A | \$ 10.00 |
| Late Payment Fee | \$ 5.00 | \$ 5.00 |

Service Availability Charges

System Capacity Charge \$450.00

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Staff recommends that the utility's current rates, customer deposit, late payment fee, and system capacity charge should be approved. Further, staff recommends that the utility should be authorized to implement the standard miscellaneous service charges that are typically approved by the Commission for water utilities. The utility has filed a tariff which reflects the above rates and charges. Staff recommends that they be approved as submitted. Staff further recommends that Sunrise be required to continue to charge these rates and charges until authorized to change by the Commission. The tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets.

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ISSUE 3: Should Sunrise Water Company, Inc. be required to pay regulatory assessment fees for 1996 and file a 1996 Annual Report with the Commission?

RECOMMENDATION: Yes, the utility should be required to remit regulatory assessment fees and file an Annual Report from the jurisdictional date, May 14, 1996. The regulatory assessment fees and Annual Report should be filed within 45 days of the issuance date of the Order. (GOLDEN)

STAFF ANALYSIS: Pursuant to Rule 25-30.120(2), Florida Administrative Code, "any utility which is subject to this Commission's jurisdiction on or before December 31 of that year or for any part of that year, whether or not the utility has actually applied for or been issued a certificate" is required to pay regulatory assessment fees. Additionally, Rule 25-30.110(3), Florida Administrative Code, states that "(t)he obligation to file an annual report for any year shall apply to any utility which is subject to this Commission's jurisdiction as of December 31 of that year, whether or not the utility has actually applied for or been issued a certificate." Therefore, staff recommends that Sunrise be required to pay regulatory assessment fees and file an Annual Report from the jurisdictional date, May 14, 1996. Staff recommends the utility be given 45 days in which to file these items.

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ISSUE 4: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed if no timely protests are filed to the proposed agency action issue. (CROSBY)

STAFF ANALYSIS: If there are no timely protests filed by a substantially affected person to the proposed agency action portion of Issue 2, no further action will be required and the docket should be closed.

ENLARGEMENT

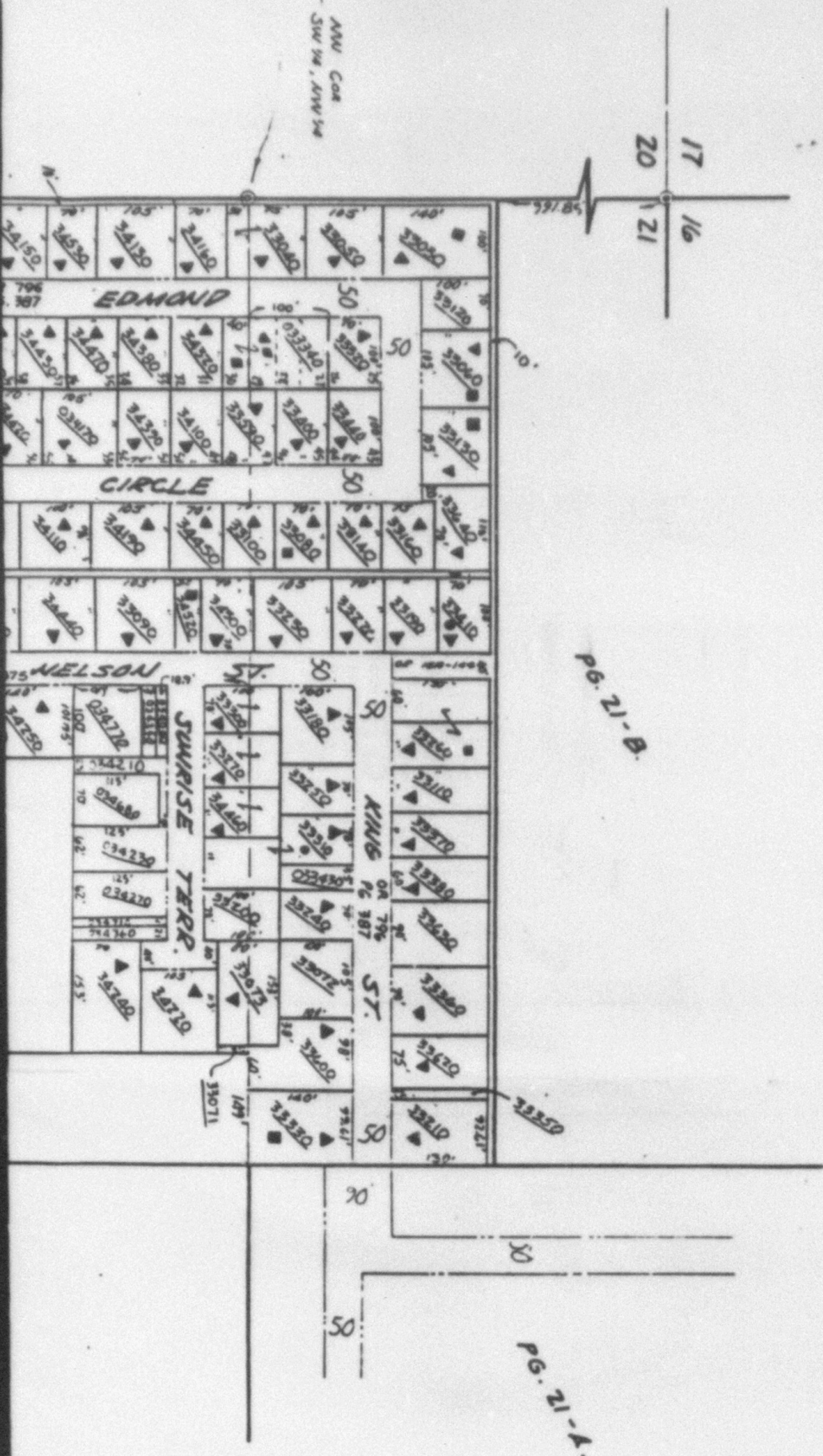
S 1/4 of NW 1/4 of NW 1/4 of SW 1/4 of NW 1/4

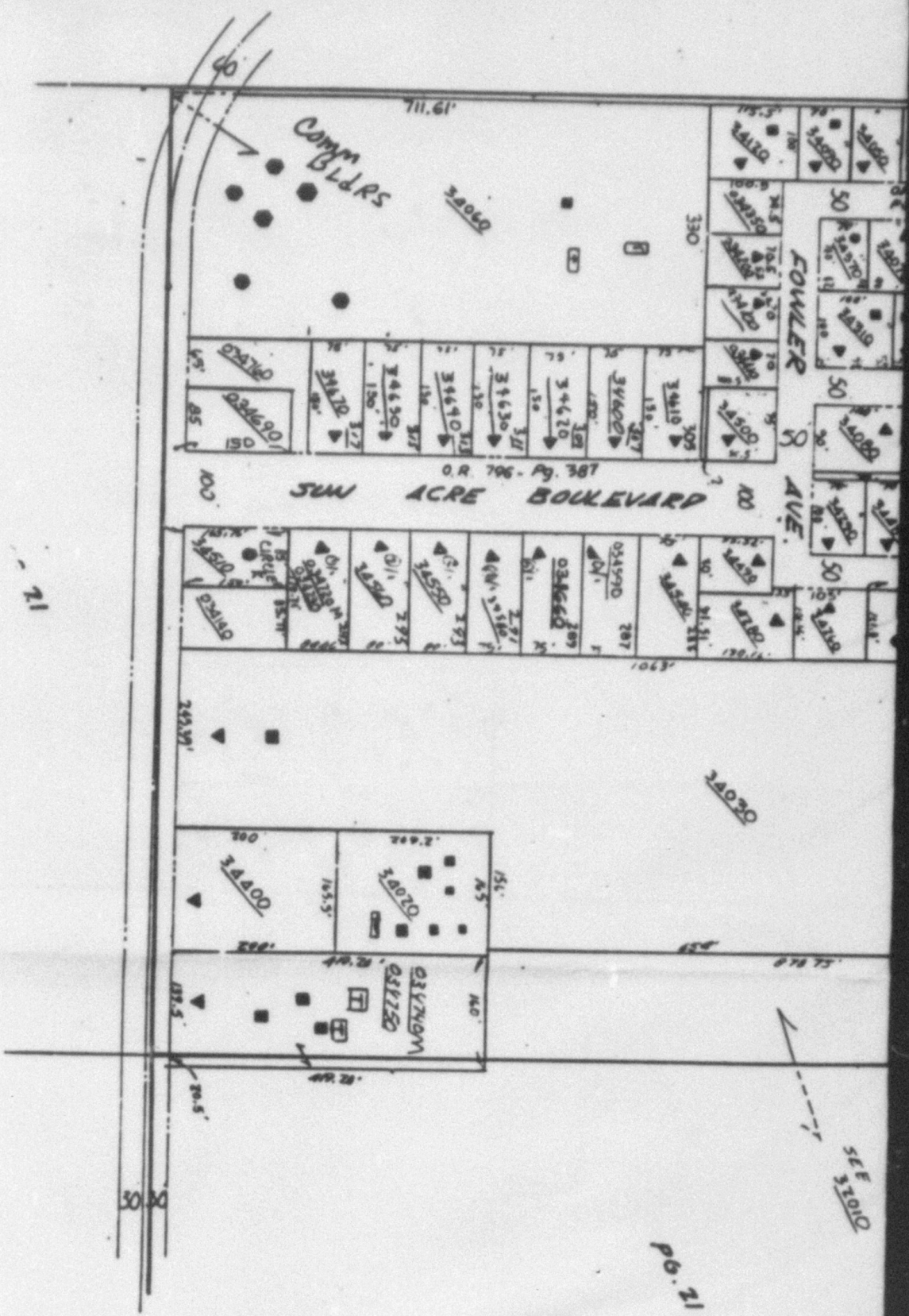
21-C.

Sec 21 Twp. 28 R 25

Acres _____
 Aerial No. _____
 Mollage 100 000
 City _____

SCALE: 1" = 200'





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JAMES L. RODEN
POLK COUNTY ASSESSOR