

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM RECEIVED

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

FROM: DIVISION OF WATER & WASTEWATER (GOLDEN, REDEMANN) *mad bbr PRL*
DIVISION OF LEGAL SERVICES (CROSBY) *MS*

RE: DOCKET NO. [REDACTED] WU - PARK WATER COMPANY, INC.
APPLICATION FOR GRANDFATHER CERTIFICATE TO PROVIDE WATER
SERVICE IN POLK COUNTY BY PARK WATER COMPANY, INC.
COUNTY: POLK *PCW 14*

AGENDA: FEBRUARY 17, 1998 - REGULAR AGENDA - INTERESTED PERSONS
MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\961226WU.RCM

DOCUMENT ID: [REDACTED] DATE: [REDACTED]
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CASE BACKGROUND

On May 14, 1996, the Board of County Commissioners of Polk County (Polk County or 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-FOF-WS.

Pursuant to Section 367.171(5), Florida Statutes, when a county takes back jurisdiction of its utilities from the Commission, the Commission retains jurisdiction of any pending cases until they are disposed of in accordance with the law in effect on the day such cases were filed with the Commission. The Statute does not address how pending cases should be disposed of in the opposite situation in which a county gives jurisdiction of its utilities to the Commission. However, it has been Commission practice to apply the same logic to both situations. Specifically, if a county gives jurisdiction of its utilities to the Commission but wishes to complete pending cases, it has been Commission practice to allow them to do so.

At the time Polk County turned over jurisdiction to the Commission, the County was processing several rate applications and requested that it be permitted to complete them. In accordance with past Commission practice, staff informed the County that this would be acceptable. One of the pending cases involved the subject of this recommendation, Park Water Company, Inc. (Park Water or utility.) The County completed Park Water's rate case on August 20, 1996.

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 24, 1996, Park Water 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 August 29, 1997. Additionally, as required by Rules 25-30.120(2) and 25-30.110(3), Florida Administrative Code, the utility has paid regulatory assessment fees and filed an Annual Report for 1996.

Park Water is a Class C utility which provides water service to single family residences, duplexes, mobile homes, and general service customers in Polk County. According to the application, the utility was established in 1955. The utility currently serves 731 customers. According to the utility's 1996 Annual Report, the

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utility had annual revenues of \$115,600 and a net operating loss of \$24,819.

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 Park Water Company, Inc. for a water certificate be granted?

RECOMMENDATION: Yes, Park Water Company, Inc. should be granted Water Certificate No. 583-W to serve the territory described in Attachment A. (GOLDEN, REDEMANN)

STAFF ANALYSIS: As discussed in the case background, on October 24, 1996, Park Water 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 \$1,000, 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. The warranty deed submitted by the utility shows that the land upon which the utility facilities are located is owned by Crooked Lake Park Water Company. A representative of the utility informed staff that the utility was previously operated under that name, but changed its name to Park Water Company on September 6, 1996. The utility submitted a copy of the amendment to its Articles of Incorporation as filed with the Secretary of State's Office as proof of its name change. In consideration that Crooked Lake Park Water Company and Park Water Company are one in the same, staff believes the warranty deed submitted by the utility is sufficient evidence of the utility's land ownership.

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. A description of the territory requested by the applicant is appended to this memorandum as Attachment A. Staff has contacted the Department of Environmental Protection (DEP) and learned that there are no outstanding notices of violation.

Based on the above information, staff believes it is appropriate to grant Park Water's application for a grandfather certificate. Accordingly, staff recommends that Park Water be

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granted Water Certificate No. 583-W to serve the territory described in Attachment A.

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ATTACHMENT A

PARK WATER COMPANY, INC.

POLK COUNTY

TERRITORY DESCRIPTION

SECTIONS: 23, 26, 27, 28, 29, 32, 33, 34, 35, and 36 of
Township 30 South, Range 27 East, all located in
Polk County, Florida.

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ISSUE 2: Should rate base be established and any acquisition adjustment be determined at this time?

RECOMMENDATION: No. Rate base should be established and any acquisition adjustment be determined in the next rate proceeding.
(GOLDEN)

STAFF ANALYSIS: Section 367.171, Florida Statutes, gives the Commission the authority to establish rate base in a grandfather certificate proceeding. Specifically, Section 367.171(2)(c), Florida Statutes, states:

Before the Commission issues a certificate of authorization under paragraph (b), it may establish the amount of money prudently invested in property of the utility, which property is used and useful in the public service; may establish other elements of the rate base; and may set and approve rates pursuant to s. 367.081.

The primary goal in a grandfather certificate proceeding is to obtain enough information about the utility to enable the Commission to regulate the utility on a going-forward basis. Although the Commission has the discretion to establish rate base, it has been Commission practice not to establish rate base in grandfather certificate proceedings. When a county turns over jurisdiction to the Commission, the only element in the utility's operation that changes is the entity which regulates it. The utility's ownership, rate base, and rates remain the same. Consequently, there is not the same necessity to review rate base in this type of proceeding as there is in other types of proceedings, such as the sale of a utility or a rate case. Rate base for utilities receiving grandfather certificates is typically established in the utility's first rate proceeding filed under the Commission's jurisdiction.

Staff has reviewed the utility's application for a grandfather certificate and does not believe there are any circumstances in this case which necessitate a rate base review at this time. Therefore, staff recommends that rate base be established and any acquisition adjustment be determined in the next rate proceeding.

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ISSUE 3: 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. (GOLDEN)

STAFF ANALYSIS: The utility's current service availability charges were established by the Polk County Board of County Commissioners (Polk County) on December 6, 1988. The utility's current rates and remaining charges were established by Polk County on August 29, 1996. On December 1, 1996, the Florida Public Service Commission (Commission) approved a pass-through rate increase to recognize the difference in regulatory assessment fees charged by Polk County and the Commission. Additionally, effective September 16, 1997, the Commission approved a price-index rate adjustment for the utility. (Subsection 367.171(2)(c), Florida Statutes, provides for approving rates prior to the actual issuance of a grandfather certificate.) Therefore, the utility's current water rates and charges are as follows:

Monthly Service Rates

Residential:

Base Facility Charge:

Individually metered	\$ 5.64
Multi-family	\$ 3.95

Gallonge Charge Per 1,000 Gallons:

0 - 6,000 Gallons	\$ 1.21
6,001 - 12,000 Gallons	\$ 1.83
12,001 - 22,000 Gallons	\$ 2.44
Over 22,000 Gallons	\$ 3.65

General Service:

Base Facility Charge:

Meter Size:

5/8" x 3/4"	\$ 5.64
1"	\$14.10
1 1/2"	\$28.21
2"	\$45.14

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Gallonge Charge Per 1,000 Gallons:

5/8" x 3/4" Meter:	
0 - 6,000 Gallons	\$ 1.21
6,001 - 12,000 Gallons	\$ 1.83
12,001 - 22,000 Gallons	\$ 2.44
Over 22,000 Gallons	\$ 3.65
1" Meter:	
0 - 15,000 Gallons	\$ 1.21
15,001 - 30,000 Gallons	\$ 1.83
30,001 - 55,000 Gallons	\$ 2.44
Over 55,000 Gallons	\$ 3.65
1 1/2" Meter:	
0 - 30,000 Gallons	\$ 1.21
30,001 - 60,000 Gallons	\$ 1.83
60,001 - 110,000 Gallons	\$ 2.44
Over 110,000 Gallons	\$ 3.65
2" Meter:	
0 - 48,000 Gallons	\$ 1.21
48,001 - 96,000 Gallons	\$ 1.83
96,001 - 176,000 Gallons	\$ 2.44
Over 176,000 Gallons	\$ 3.65

Miscellaneous Service Charges

Initial Connection	\$25.00
Normal Reconnection	\$10.00
Violation Reconnection	\$25.00
Premises Visit (in lieu of disconnection)	\$10.00

Service Availability Charges

Backflow Preventor Installation Fee:	
5/8" x 3/4"	\$ 50.00
1" and Above	Actual Cost
Customer Connection Charge:	
5/8" x 3/4"	\$400.00
1" and Above	\$550.00
Meter Installation Fee (including backflow preventor):	
All Meter Sizes	\$175.00

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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 Park Water 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 4: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (CROSBY)

STAFF ANALYSIS: No further action is required and the docket should be closed.

