



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-

DATE: DECEMBER 3, 1998

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

FROM: DIVISION OF WATER AND WASTEWATER (FLETCHER) *SBS*
DIVISION OF LEGAL SERVICES (FERGUSON) *[Signature]*

RE: DOCKET NO. 981456-WU - REQUEST FOR APPROVAL OF AMENDMENT
TO SERVICE AVAILABILITY TARIFFS IN MARION COUNTY BY
SUNSHINE UTILITIES OF CENTRAL FLORIDA, INC.
COUNTY: MARION

AGENDA: DECEMBER 15, 1998 - REGULAR AGENDA - TARIFF FILING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 1/14/99
8-MONTH EFFECTIVE DATE: 07/16/99

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\981456.RCM

CASE BACKGROUND

Sunshine Utilities of Central Florida, Inc. (Sunshine or utility) is a Class B utility which provides water service to approximately 2,758 water customers. Wastewater service is provided by septic tanks. The utility's 1997 annual report shows an annual operating revenue of \$754,000 and net operating income of \$56,000.

On October 29, 1998, Sunshine filed a request for amendment of service availability tariffs, specifically tariff sheet numbers 28.0 and 28.1. Tariff Sheet number 28.0 applies to all systems except Whispering Sands and Lakeview Hills. Tariff Sheet number 28.1 applies to Whispering Sands and Lakeview Hills. The utility was requesting a jack and bore and a main extension charge at actual cost. By letters dated November 9, 1998 and November 18, 1998, the utility withdrew its initial revised tariff sheet numbers

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28.0 and 28.1, respectfully, and filed revised tariffs requesting only a jack and bore charge at actual cost.

DISCUSSION OF ISSUES

ISSUE 1. Should the utility's service availability tariff filing which proposes to include a jack and bore charge be approved as filed?

RECOMMENDATION: Yes, tariff sheet numbers 28.0 and 28.1 filed on November 9, 1998 and November 18, 1998, respectfully, should be approved as filed. The utility should be allowed to implement a jack and bore charge at actual cost for connections which require such a service. This charge should be implemented for connections made after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code. (FLETCHER, FERGUSON)

STAFF ANALYSIS: Pursuant to Section 367.101, Florida Statutes, the Commission shall set just and reasonable charges and conditions for service availability. Pursuant to Section 367.091(5), Florida Statutes, an application to establish, increase or change service availability charges must be accompanied by a cost justification. The utility has requested that a jack and bore charge at actual cost be included as part of its service availability tariffs.

According to the utility, its lines are located on one side of certain roadways within its service territory and a connection for the provision of water service may be requested on the opposite side of the road. Therefore, when a connection on the opposite side of the road is requested, a jack and bore service is required to extend the line under the road. Sunshine has a letter of agreement with Bob Phillips, a trenching & boring contractor (license # 0666675 - insured) for which Phillips charges \$5.00 a foot for a jack and bore of two inch water lines. Thus far, the utility has borne the cost associated with this jack and bore service.

As cost justification, the utility has provided staff with invoices for six jack and bore services done. One of these jack and bore services was done by J.W.J., Inc. and the other five were done by Bob Phillips. The utility indicated that it uses Bob Phillips as its the primary contractor for these services. It must also be noted that Bob Phillips' jack and bore charge is similar to that charged by J.W.J., Inc. for two inch water lines.

Staff has reviewed the filing and has considered the information filed in support of the utility's request. Staff believes the customer served by the line requiring the jack and

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bore service described is the sole beneficiary of the service. Further, staff believes that the jack and bore cost should not be the responsibility of the utility since this service does not benefit the general body of ratepayers. Wherein, it has been Commission practice that the cost causer pay the additional cost incurred by the utility. See Order Nos. PSC-97-1620-FOF-WO, PSC-97-0130-FOF-SU, PSC-97-0833-FOF-WU, and PSC-96-1147-FOF-WO.

Since staff believes it is reasonable and necessary to allow the utility to recover these costs from the new customers requiring the service, we are recommending that the proposed tariffs to increase service availability charges in the form of a jack and bore charge for Sunshine Utilities of Central Florida, Inc. should be approved as filed.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If Issue 1 is approved, the tariffs should become effective in accordance with Rule 25-30.475(2), Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, the tariffs 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.
(FLETCHER, FERGUSON)

STAFF ANALYSIS: If there are no timely objections to the tariffs, no further action will be required and the docket should be closed. In the event that a timely protest is filed, the tariffs should remain in effect and the applicable revenues should be held subject to refund pending resolution of the protest. Further, in the event of such protest, staff will prepare an additional recommendation to address the appropriate security of such funds.