

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a Limited) DOCKET NO. 910963-WU  
Proceeding to Adjust Water ) ORDER NO. PSC-92-1467-AS-WU  
Rates in Pasco County by ) ISSUED: 12/17/92  
BETMAR UTILITIES, INC. )  
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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON  
BETTY EASLEY

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING SETTLEMENT PROPOSAL

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceedings pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Betmar Utilities, Inc. (Betmar or Utility) is a class C utility that provides water and wastewater service to 1548 water customers and 945 wastewater customers in Pasco County. In March 1989, Betmar installed backflow prevention devices (devices) on the customers' side of the meter in order to prevent prohibited cross connections. The utility subsequently filed a staff-assisted rate case in Docket No. 880914-WS, in which it requested that the cost of these devices be treated as a utility investment and be included in rate base. In Order No. 20787, issued February 21, 1989, the Commission held that the cost of these devices should be included in the utility's rate base. The devices were depreciated over a 17-year life; however, no provision was made for the cost of annual testing and maintaining those devices in the utility's first or subsequent staff-assisted rate case in Docket No. 900688-WS.

On September 17, 1991, Betmar filed a limited proceeding pursuant to Section 367.0822, Florida Statutes, to increase its rates to recover the cost of maintaining and testing the backflow prevention devices previously installed. The utility requested that the costs be recovered through the base facility charge, since

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the costs for the backflow prevention testing program were not related to water consumption.

In Proposed Agency Action Order No. PSC-92-0408-FOF-WU, issued June 9, 1992, the Commission proposed to allow the utility to recover \$23,496 on an annual basis for the cost of refurbishing 50 percent of the dual check assemblies. On June 30, 1992, Betmar timely filed a protest to that Order. The utility requested annual maintenance and testing for all commercial as well as residential customers and sought to recover the full cost of maintenance and testing. Pursuant to this protest, this matter was scheduled for an administrative hearing on November 4 and 5, 1992. A prehearing conference was held on October 8, 1992. The utility subsequently filed an Offer of Settlement on October 16, 1992, and later filed a modified settlement proposal on November 16, 1992.

#### SETTLEMENT PROPOSAL

In its Settlement Proposal, Betmar proposes that the utility be allowed \$38,700 in its rates, which would result in an increase of approximately \$2.08 in the base facility charge. However, because the \$2.08 base facility charge generated revenues less than the proposed \$38,700 contained in the settlement agreement, a modification was necessary. The base facility charge was rounded up to \$2.09 which generated revenues of \$38,824.

The proposed settlement provides as follows: Betmar agrees to conduct annual testing of all backflow prevention devices; Betmar agrees to refurbish where necessary all devices that have failed; Betmar agrees to replace all devices if defective, as well as to provide educational brochures to its customers as part of a backflow prevention control program; Betmar shall always maintain records of all test results for these devices and shall file annually, for a period of three years, a summary of these test results in conjunction with the utility filing its annual report.

Upon consideration, we hereby accept the Settlement Proposal as a reasonable resolution to this matter. The Settlement Proposal is attached hereto as Attachment 1. Since the cost of the backflow prevention devices was previously included in rate base in Docket No. 880914-WS, we believe it is appropriate to allow the utility to recover the cost of maintaining the devices. Although as we proposed in Order No. PSC-92-0408-FOF-WU, we believe it appropriate for the utility to recover the cost of refurbishing 50 percent of the residential dual assemblies per year, we find this settlement proposal to allow the costs for 100 percent of annual testing to be appropriate in view of all of the circumstances. We believe that

the degree of risk associated with the residential dual check valves does not warrant annual testing. Further, Department of Environmental Regulation (DER) rules and other source material that we reviewed regarding the requirements for testing the backflow prevention devices and failure rates are not clear as to whether annual testing is required. As a result of these factors, we are unable to conclude that annual testing of the dual check device is required.

Although the utility's proposed settlement is \$15,338 more than that amount proposed in Order No. PSC-92-0408-FOF-WU, the proposal is \$33,621 less than the utility's original request of \$72,445. Based upon the above, and in an effort to mitigate the costs associated with this proceeding, we believe the requested costs are reasonable and hereby approve the utility's proposed settlement. Further, because no customer meeting has been held in this docket, we are issuing this Order as proposed agency action to allow Betmar's customers or any other affected parties a point of entry.

#### RATES

As previously mentioned, no provision was made for the costs associated with maintenance of the dual check valve devices in the two previous staff-assisted rate cases. In the instant case, the utility has requested the costs associated with maintaining the backflow prevention devices be recovered through the water base facility charge, since the costs for the backflow prevention testing program are not related to water consumption.

We agree that the costs for maintenance of the devices should be recovered solely through the water base facility charge. We find that only the base facility charge shall be increased because the expense of maintaining the backflow prevention devices is not related to consumption. Further, since each device will be maintained on an annual basis, we believe that including the cost in the base facility charge will ensure that each customer pays for only his/her fair share of the cost of maintenance, as the base facility charge is a fixed rate which is paid by all the customers. The schedule of the utility's present, proposed and approved rates are shown on Schedule No. 1.

The rates shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our staff's verification that the tariffs are consistent with our decision herein, and that the proposed customer notice is adequate.

ORDER NO. PSC-92-1467-AS-WU  
DOCKET NO. 910963-WU  
PAGE 4

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the Settlement Proposal filed by Betmar Utilities, Inc. is hereby approved. It is further

ORDERED that Betmar Utilities, Inc., is authorized to charge the new rates as set forth in the body of this Order. It is further

ORDERED that prior to its implementation of the rates approved in this Order, Betmar Utilities, Inc., shall submit and have approved a proposed notice to its customers of the increased rates and the reasons therefor. The notice will be approved upon our Staff's verification that it is consistent with our decision herein. It is further

ORDERED that prior to its implementation of the rates and charges approved in this Order, Betmar Utilities, Inc., must receive approval for the revised tariff pages it has submitted. The revised tariff pages will be approved upon Staff's verification that the pages are consistent with our decision herein, the proposed notice is adequate and the protest period has ended with no protest being filed. It is further

ORDERED that the provisions of this Order are issued as proposed agency action and shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 17th day of December, 1992.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )  
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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 7, 1993.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

SCHEDULE NO. 1

SCHEDULE OF PRESENT, PROPOSED AND APPROVED RATES

WATER

GENERAL AND RESIDENTIAL SERVICE

<u>METER SIZE</u>	<u>UTILITY PRESENT RATES</u>	<u>UTILITY PROPOSED RATES</u>	<u>PROPOSED SETTLEMENT RATES</u>	<u>COMMISSION APPROVED RATES</u>
5/8" x 3/4"	\$ 4.23	\$ 8.09	\$ 6.32	\$ 6.32
3/4"	6.35	10.21	8.44	8.44
1"	10.58	14.44	12.67	12.67
1-1/2"	21.16	25.02	23.25	23.25
2"	33.86	37.72	35.95	35.95
3"	67.71	71.57	69.80	69.80
4"	105.79	109.65	107.88	107.88
GALLONAGE CHARGE	\$ 1.83	1.83	1.83	1.83

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a limited) DOCKET NO. 910693-SU  
proceeding to adjust water ) ORDER NO.  
rates in Pasco County by ) ISSUED:  
BETMAR UTILITIES, INC. )  
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SETTLEMENT PROPOSAL

Betmar Utilities, Inc., (Betmar or "utility") hereby offers the following Settlement proposal:

In consideration of the utility withdrawing its protest of PAA Order No. PSC-92-0408-FOF-WU, issued June 9, 1992, and the Commission allowing \$38,324 in the utility's rates, the utility hereby proposes to the following:

1. The utility agrees to conduct annual testing of all backflow prevention devices (devices).
2. The utility agrees to refurbish all devices that have failed where necessary.
3. The utility agrees to replace all devices if defective, as well as, to provide educational brochures to its customers as part of a backflow prevention control program.
4. The utility shall always maintain records of all test results conducted of these devices and shall file annually for a period of three years a summary of these test results in conjunction with the utility filing its annual report.

BETMAR UTILITIES, INC.

Date: 11-16-92

By: Eve A. Turner  
PRESIDENT  
BETMAR UTILITIES INC.