

FAMILY DINER, INC. AND TURKEY CREEK, INC. D/B/A TURKEY CREEK UTILITIES

DOCKET NO

DIRECT TESTIMONY OF JOANN CHASE, BUREAU OF CERTIFICATION
ON BEHALF OF THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF WATER AND WASTEWATER

FILED: SEPTEMBER 20, 1993

DOCUMENT NUMBER-DATE

DIRECT TESTIMONY OF JOANN CHASE

- 2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
- 3 A. JoAnn Chase, 101 East Gaines Street, Tallahassee, Florida, 32399.
- 4 | O. BY WHOM ARE YOU EMPLOYED?

- 5 A. I am employed by the Florida Public Service Commission.
- 6 Q. WHAT ARE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUNDS?
- 7 Α. I received a Bachelor of Science degree in Business Management from 8 Florida State University. I have been employed with the Public Service 9 Commission for approximately 18 years. During this time, I have worked 10 in the Division of Electric and Gas in the area of rates and cost of 11 service, the Division of Research in the area of management studies, and in the Division of Water and Wastewater in the areas of rates and 12 13 certification. I have been a supervisor in the Bureau of Certification since 1989. 14
- 15 Q. WHAT IS YOUR INVOLVEMENT IN DOCKET NO. 921098-WS REGARDING THE
 16 APPLICATION OF TURKEY CREEK UTILITIES FOR A GRANDFATHER CERTIFICATE?
- 17 A. I supervise the staff members which have been assigned to this case.
- 18 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?
- A. The purpose of my testimony is to present justification for the staff's positions on the territory that should be granted to Turkey Creek Utilities under grandfather rights as well as the appropriate rates and charges that should be approved for this utility.
- Q. PLEASE EXPLAIN HOW AND WHEN TURKEY CREEK UTILITIES BECAME SUBJECT TO THE JURISDICTION OF THE PUBLIC SERVICE COMMISSION.
- 25 A. The Alachua County Commission passed an ordinance effective June 30,

1992 transferring jurisdiction of privately owned water and wastewater utilities in Alachua County to the Public Service Commission (Commission or PSC), pursuant to Section 367.171, Florida Statutes. According to that statute, any utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the date this chapter becomes applicable to it. Turkey Creek Utilities was operating water and wastewater utilities in Alachua County on June 30, 1992, and, therefore, is entitled to receive certificates from the PSC for the area served by it on that date.

Q. HAVE CERTIFICATES BEEN ISSUED TO TURKEY CREEK UTILITIES?

No. In its application for grandfather certificate, the utility requested more territory than it was serving on June 30, 1992. By proposed agency action Order No. PSC-93-0229-FOF-WS, dated February 10, 1993, the Commission granted Certificate Nos. 550-W and 480-S to Turkey Creek Utilities only for the territory served by the utility on June 30, 1992. Since that order was protested by the utility, no certificates have yet been issued. The territory that should be approved for this utility under grandfather rights is an issue in this proceeding.

Q. HOW DOES THE COMMISSION DETERMINE THE SERVICE TERRITORY THAT SHOULD BE GRANTED IN GRANDFATHER CERTIFICATE CASES?

A. If the county that turns over jurisdiction to the Commission has in place a process where territory served by utilities is identified and approved, the Commission would grant a grandfather certificate to each utility for the territory approved by the county. However, in most cases when a county turns over jurisdiction to the Commission, we find

that the county has not actively regulated the private utilities. Frequently, this means that the county did not specifically define the service territory that utilities were authorized to serve. In such cases, the Commission attempts to make a reasonable determination of the proper service area to be granted in a grandfather proceeding. This may be limited to the area the utility is actually serving or a greater area.

An example of when the Commission would grant more territory than that being served is the case where a utility provides service to a subdivision that is not built out. Rather than granting only the area where there are customers or lines, the Commission may include the entire subdivision in the utility's service territory. This would be reasonable if the utility has treatment plant and lines sized to serve the subdivision or executed developer agreements or service requests for territory not already served, as long as the utility has been providing service that meets standards set by the Department of Environmental Protection.

- 18 Q. WHAT SERVICE TERRITORY WAS GRANTED IN PAA ORDER NO. PSC-93-0229-F0F-WS?
- 19 A. The territory granted by the PAA order consisted solely of the portion of the Turkey Creek subdivison which the utility is currently serving.
- Q. HAVE YOU RECEIVED ANY INFORMATION SINCE THAT ORDER WAS ISSUED THAT
 CHANGES YOUR OPINION AS TO WHAT SERVICE TERRITORY SHOULD BE GRANTED IN
 THIS CASE?
- 25 A. Yes. Since that order was issued, the utility has provided a copy of

the water and wastewater portions of the approved Development of Regional Impact (DRI) for the Turkey Creek subdivision. This is attached to the testimony of Norwood Hope as Composite Exhibit A. According to the DRI, the utility was built with the intention of serving the entire Turkey Creek subdivision. The water and wastewater treatment plants were built with sufficient capacity to serve the entire subdivision, as were the transmission and collection lines. Therefore, I believe the utility should be granted territory encompassing the entire Turkey Creek development.

Attached to my testimony as Exhibit No. $\underline{JC-1}$ is a color-coded map of the requested territory. The utility requested the entire territory shown on the map. The yellow portion of the map is that granted by the Commission in the PAA order. The pink portion of the map is the additional territory I believe should be granted to the utility in this grandfather proceeding since it was a part of the approved DRI for the Turkey Creek development. Also attached to my testimony as Exhibit No. $\underline{JC-2}$ is the territory description encompassing the yellow and pink areas outlined on the map.

Q. SHOULD TURKEY CREEK UTILITIES BE GRANTED THE REMAINDER OF THE TERRITORY REQUESTED IN ITS APPLICATION FOR GRANDFATHER CERTIFICATE?

A. In my opinion, the remainder of the requested territory, which was not a part of the DRI, should not be approved in a grandfather proceeding. The utility has no facilities in place in that area and according to information provided by the utility, there are no requests for service in that area. Granting this territory would go beyond the intent of a

grandfather proceeding.

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However, at some later date, the utility can file an application to amend its certificates pursuant to Section 367.045(2), Florida Statutes. An amendment proceeding requires a demonstration of the financial and technical ability of the applicant to provide the service as well as a need for service in the requested territory. In addition, the amendment process requires noticing of the application in the local newspaper as well as neighboring utilities and governmental entities, and affords affected parties an opportunity to object to the application. A grandfather proceeding includes none of these requirements, since this type of certificate is granted as a matter of right.

- 12 Q. WHAT RATES FOR SERVICE ARE NORMALLY APPROVED BY THE COMMISSION IN A
 13 GRANDFATHER PROCEEDING?
- 14 A. In a grandfather proceeding, the Commission normally approves the rates
 15 for service in effect on the date the county passed jurisdiction to the
 16 PSC. If the county exercised its regulatory authority, the Commission
 17 obtains the appropriate rates from the county. If the county did not
 18 exercise its regulatory authority, the Commission normally determines
 19 the appropriate rates by reviewing customer billing records to ascertain
 20 the rates in effect on the jurisdictional date.
- Q. TO YOUR KNOWLEDGE, DID ALACHUA COUNTY EXERCISE ANY JURISDICTION OVER THE UTILITY?
- 23 A. Not to my knowledge.
- Q. TO YOUR KNOWLEDGE, DID THE CITY OF ALACHUA EXERCISE ANY JURISDICTION
 OVER THE UTILITY?

- 1 A. Yes, in fact, as explained on page 12 of the testimony of Norwood Hope,
 2 President of the utility, the City of Alachua passed an ordinance
 3 exerting its jurisdiction over the rates and charges of the utility.
 4 Q. DO YOU AGREE WITH THE STATEMENTS ON PAGES 2 AND 12 OF MR. HOPE'S
 5 TESTIMONY THAT THE CITY OF ALACHUA DID NOT HAVE ANY STATUTORY AUTHORITY
 6 TO PASS AN ORDINANCE REGULATING PRIVATE UTILITIES WITHIN THE CITY?
 7 A. Yes. I have been advised by the Commission's legal staff that there is
 - A. Yes. I have been advised by the Commission's legal staff that there is no Florida law giving the City that authority. Therefore, whether or not the City of Alachua ever approved, or was even provided notice of, any rate changes of Turkey Creek Utilities is not relevant to determining rates in this grandfather proceeding.

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- 12 Q. WHAT RATES FOR SERVICE DO YOU BELIEVE SHOULD BE APPROVED FOR THIS
 13 UTILITY?
- 14 A. I believe the rates the utility was charging on the jurisdictional date should be approved. Staff members under my supervision examined the books and records of Turkey Creek Utilities and determined the rates which were being charged on June 30, 1992. I have attached a schedule of these rates to my testimony as Exhibit No. <u>JC-3</u>.
- Q. WHAT IS THE COMMISSION PRACTICE WITH REGARD TO THE APPROVAL OF SERVICE
 AVAILABILITY CHARGES AND OTHER MISCELLANEOUS CHARGES FOR UTILITIES IN
 A GRANDFATHER PROCEEDING?
- A. In a grandfather proceeding, the Commission normally approves the service availability charges and other miscellaneous service charges which were in effect on the date the county passed jurisdiction to the PSC. However, in this case, staff believes many of the utility's

charges are excessive, discriminatory or do not comport with the practices of the Commission and, therefore, should not be approved. These charges include public fire protection charges, miscellaneous service charges, late payment fee, and service availability charges. I will discuss each of these charges separately.

Q. DOES TURKEY CREEK CHARGE FOR PUBLIC FIRE PROTECTION? IF SO, WHAT IS
YOUR UNDERSTANDING OF WHAT THIS CHARGE INCLUDES?

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- 8 A. The utility charges the Turkey Creek Master Owners Association (TCMOA)

 \$19.98 annually per public fire hydrant for service to approximately 92

 hydrants. This charge is made to the TCMOA in October of each year.

 Mr. Hope explained in a letter to staff that this charge is a token fee

 for furnishing fire hydrant service, maintenance and water to each fire

 hydrant. A copy of this letter is attached as Exhibit No. <u>JC-4</u>.
- 14 Q. IS THERE A WRITTEN AGREEMENT BETWEEN THE UTILITY AND THE TCMOA REGARDING
 15 A CHARGE FOR PUBLIC FIRE HYDRANTS?
 - A. No. According to Mr. Hope, during the time he was acting as both president of the TCMOA and president of the utility, he made a verbal agreement between the two parties that the association would be responsible for the fire protection bill.
- Q. IS THERE ANY DOCUMENTATION OF PAYMENT BY THE TCMOA OF THE FIRE PROTECTION BILL?
- A. No. While, the utility provided copies of bills indicating the charge was made to the TCMOA in the past when Mr. Hope was its president, no documentation has been provided which clearly shows that the charge has ever been paid.

Q. WHAT IS THE COMMISSION PRACTICE OF ALLOWING REGULATED UTILITIES TO RECOVER THE COSTS ASSOCIATED WITH PUBLIC FIRE PROTECTION?

A. It is Commission practice to include the cost of public fire protection in the rates for service rather than to develop a separate charge for this service. There are several reasons for this position. The primary reason is that it is not reasonable to allow a utility to disconnect fire protection service for nonpayment of a bill. However, if the Commission approves a charge, by rule the utility is allowed to discontinue service for nonpayment of that charge.

Another reason for not developing a separate charge is that public fire protection is generally the responsibility of local government, not individual customers of the utility. Therefore, if there is a separate charge for fire hydrants, theoretically the utility should be billing the local government which should pass the cost on to the property owners in their real estate taxes. However, in most cases this is not a realistic alternative.

Also, there is a potential equity problem if the utility bills the homeowners association for public fire protection because there is no assurance that all of the customers will be members of the association. If not all customers are members of the association, then the non-member customers are not paying their fair share of the public fire protection and are being subsidized by the homeowners association.

In addition, the Commission does not develop a separate charge for public fire protection because the true cost of this service is significant and can only be determined through a cost of service study.

The cost of performing such a study is prohibitive for most water companies, and, therefore, is rarely done.

For all of these reasons, the Commission has included the cost of public fire protection in the rates for service and has not made a practice of developing a separate charge.

Q. DO YOU THINK TURKEY CREEK UTILITIES SHOULD BE ALLOWED TO CONTINUE ASSESSING THIS CHARGE? WHY OR WHY NOT?

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No. I believe the public fire hydrant charge should be discontinued in this case. It is my understanding that since April, 1992, Mr. Hope has no longer been the president or a member of the TCMOA board. In October of 1992, the newly formed TCMOA board was billed for the public fire protection and refused to pay, claiming that they were not aware of such a charge and that there was no written agreement with the utility. A copy of this bill is attached to my testimony as Exhibit No. $\underline{JC-5}$. The utility threatened to cut off service to the fire hydrants for nonpayment of the bill. A motion for an emergency order was filed in this case by the Office of Public Counsel asking that the Commission's Prehearing Officer issue an order prohibiting the utility from discontinuing service to the hydrants. Subsequently, Turkey Creek Utilities agreed not to discontinue service; however, if this charge is approved, the utility would be within its rights to cut off this service. In my opinion and as discussed above, this is not a reasonable alternative considering the potential danger to the community if water service to fire hydrants is discontinued.

In addition, because Turkey Creek Utilities is billing the TCMOA for

fire protection, the equity problem discussed earlier in my testimony could exist. Staff is unaware of whether all of the customers of the utility are currently members of the TCMOA. However, even if this is currently the case, it is possible that not every customer will be a member of the association in the future. Therefore, the association could be subsidizing non-members by paying the total charge for a service that benefits all customers. For these reasons, I believe the charge is unreasonable and discriminatory and should not be approved.

- Q. DO YOU AGREE WITH MR. HOPE'S TESTIMONY ON PAGE 16 THAT IF THE UTILITY IS NOT ALLOWED TO CHARGE A PUBLIC FIRE PROTECTION CHARGE, THE REVENUE IMPACT WOULD BE \$1,500 PER MONTH?
- 13 A. No, as shown on Exhibit No. JC-5, which is a copy of the utility's bill to the TCMOA for this service, the <u>annual</u> cost is approximately \$1,838.
 - Q. WHAT IS YOUR UNDERSTANDING OF HOW THE UTILITY CURRENTLY CHARGES
 FOR TURNING SERVICE ON AND OFF AT A SERVICE LOCATION?
 - A. At the time of connection, the utility charges each customer \$40.00 for connection and \$40.00 as a "prepaid" disconnection charge. Anytime a customer requests that the utility disconnect service (such as to receive service from a plumber), Turkey Creek charges \$40.00 to disconnect the service and then \$40.00 to reconnect the service. In addition to the above, the utility charges \$60.00 for each of the above services if the service is provided after normal working hours.
 - Q. WHAT IS THE COMMISSION PRACTICE WITH REGARD TO THIS TYPE OF MISCELLANEOUS SERVICE CHARGE?

The Commission practice is to set charges designed to defray the 1 Α. administrative, office and field costs associated with processing the 3 customer request for service. In most cases, the Commission has found that \$15.00 is a reasonable amount for initial connection. This charge 4 includes consideration that service to the customer ultimately will be disconnected. Therefore, separate disconnect charges are not usually approved by the Commission. A charge of \$15.00 is usually approved for 7 reconnection after service has been disconnected for nonpayment of a 8 bill. If a utility will accept payment at the service location in lieu 10 of disconnecting service, the Commission usually approves a charge of Further, higher charges for work done after normal working 11 \$10.00. hours are only allowed if justification is provided. 12

> Since the charges assessed by this utility were significantly greater than the miscellaneous service charges normally approved by the Commission, staff requested documentation supporting the utility's charges.

- WAS ANY SUPPORTING DOCUMENTATION OF THOSE CHARGES PROVIDED? 17 0.
- 18 No. Α.

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- DO YOU THINK THAT THE UTILITY'S CURRENT CHARGES ARE REASONABLE? 19 Q.
- No. Absent any documentation supporting the utility's current charges, 20 Α. I believe that the Commission should approve the standard charges 21 22 normally approved for water and wastewater utilities. These charges are 23 shown on Exhibit No. JC-6.
- DOES TURKEY CREEK UTILITIES CURRENTLY ASSESS A LATE FEE? 24 IF SO, WHAT Q. 25 IS THIS AMOUNT AND HOW IS IT ASSESSED?

- 1 A. Yes. The utility charges a late fee of \$20.00 or 10% of the amount of the bill, whichever is greater.
 3 Q. WHAT IS THE COMMISSION PRACTICE REGARDING THE AMOUNT OF A LATE FEE FOR WATER AND WASTEWATER UTILITIES?
- In recent cases, this Commission has found that \$3.00 is a reasonable 5 Α. 6 amount to charge as a late fee for water and wastewater utilities. This 7 amount is based on the labor and administrative costs of processing late 8 payment notices. Because the late fee charged by Turkey Creek Utilities 9 is significantly higher than that normally approved by the Commission, staff requested cost justification for the charge. 10 However, no justification was ever provided. 11
- 12 Q. WHAT DO YOU BELIEVE SHOULD BE THE LATE FEE FOR THIS UTILITY?
- 13 A. Absent any justification of the current charge, I believe the late fee 14 for Turkey Creek Utilities should be reduced to \$3.00.
- 15 Q. WHAT SERVICE AVAILABILITY CHARGES WERE IN EFFECT FOR TURKEY CREEK
 16 UTILITIES ON JUNE 30, 1992?
- 17 A. The utility collects a "capital facilities" charge which varies by meter size. I believe the "capital facilities" charge is what the Commission considers a plant capacity charge. In addition, the utility collects a water meter installation charge which varies by meter size. These charges are shown on Exhibit No. <u>JC-7</u> attached to my testimony.
- Q. WHAT IS COMMISSION PRACTICE WITH REGARD TO THE ESTABLISHMENT OF A PLANT CAPACITY CHARGE FOR WATER AND WASTEWATER UTILITIES?
- A. It is Commission practice to establish a "plant capacity" charge designed to defray the cost of the customer's pro rata share of the

treatment plant. However, the plant capacity charge established by the Commission is normally a charge per equivalent residential connection (ERC), and not based on the meter size of the customer. The Commission has found that meter size is usually not as good an indicator of the demand the customer will place on the system as equating the estimated flow to an ERC basis.

Q. WHAT IS YOUR RECOMMENDATION WITH REGARD TO A PLANT CAPACITY CHARGE FOR THIS UTILITY?

- A. I believe a plant capacity charge per ERC should be approved for the water and wastewater systems equal to the "capital facilities" charge in effect on June 30, 1992 for the standard 5/8 x 3/4" meter. These would be the plant capacity charges collected for all future residential connections to the water and wastewater systems. Plant capacity charges for all future non-residential connections would be based on an engineering estimate of the demand of the customer in terms of ERCs. The plant capacity charges I am recommending are contained in Exhibit No. JC-8.
- Q. ARE THE UTILITY'S METER INSTALLATION CHARGES SHOWN ON EXHIBIT NO. JC-7
 SIGNIFICANTLY HIGHER THAN THOSE NORMALLY APPROVED BY THIS COMMISSION FOR
 WATER UTILITIES?
- A. Yes. It is Commission practice to establish meter installation charges by which the utility recovers only the cost of installing the device at the point of delivery including materials and labor required. Usually the cost of tapping into the utility's main and running a line to the customer's meter is a separate charge based on actual cost since it can

vary substantially. Normally, the meter installation fee for a standard 5/8 x 3/4" meter is approximately \$125. Since Turkey Creek's meter installation charges are significantly higher, staff believes the utility is including the cost of the customer connection to the main in this fee. Therefore, staff recommended that a meter installation fee be broken out of the utility's charges and shown separately. In addition, the utility should be allowed to collect a customer connection charge based on the actual cost of connecting to the utility's main. Exhibit No. <u>JC-8</u> contain all of the staff recommended service availability charges.

- 11 Q. HAVE YOU REVIEWED MR. HOPE'S EXHIBIT "F" ATTACHED TO HIS TESTIMONY?
- 12 A. Yes, this exhibit lists the components of the utility's current meter installation charge.
- 14 Q. DO YOU HAVE ANY COMMENTS WITH REGARD TO MR. HOPE'S EXHIBIT "F"?

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- 15 A. Yes, I do. Some of the components of that exhibit are not normally recovered through a meter installation charge. In addition, I believe the cost associated with other components on the list are excessive.

 18 I have attached to my testimony a copy of Mr. Hope's exhibit with my corrections noted on it as Exhibit No. JC-9.
- Q. WHAT COST COMPONENTS ON THE LIST ARE NOT NORMALLY INCLUDED IN A METER
 INSTALLATION CHARGE?
- The cost for the main shut-off valve, the plastic flex pipe, the brass
 T and the lockable curb stop, lock and washer are not normally included
 in a meter installation charge.
- 25 | Q. HOW ARE THE COSTS FOR THESE ITEMS NORMALLY RECOVERED IF NOT IN A METER

INSTALLATION CHARGE?

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- Α. These items are part of the customer connection to the utility's main at the curb and are usually installed when the main is installed. Often this work is done by the developer and donated to the utility. In such cases, the utility does not charge the homeowner for these items since they were donated to the utility as CIAC. The customer should only be charged for connection to the utility's main when the utility completes the construction. In such cases, a separate charge for tapping in to the utility's main would be appropriate. It is important to charge separately for the tap-in and meter installation to ensure that there is no double recovery of the cost of connection to the main. This is the basis for the decision in PAA Order No. PSC-93-0816-FOF-WS, wherein the Commission set meter installation charges based on the cost of installing the device at the point of delivery and allowed the utility to collect a customer connection charge based on the cost of connecting to the utility's main.
- Q. WHAT COST COMPONENTS INCLUDED ON MR. HOPE'S EXHIBIT "F" DO YOU CONSIDER

 EXCESSIVE?
 - A. According to the exhibit, there are two meter boxes included in the components for meter installation. There is only one meter box needed for each meter installed; therefore, this amount should be reduced by one-half.

In addition, the cost of labor for the mechanic and helper appear to be excessive. Mr. Hope indicates that it would take six hours for the mechanic to install the meter and two hours for a helper. Usually a

meter installation should take no more than one hour. I believe Mr. Hope has included the labor time involved in tapping into the utility's main, which as discussed above, would more appropriately be recovered in the customer tap-in fee. Therefore, these labor costs should be reduced to one-sixth for the mechanic and one-half for the helper. Further, the costs included for truck, tools, overhead, insurance, etc. appear to be excessive. These costs should be reduced to approximately one-sixth of the amounts stated.

- Q. AFTER YOU MAKE THE CHANGES TO MR. HOPE'S EXHIBIT "F" DISCUSSED ABOVE, WHAT DOES THE ANALYSIS INDICATE SHOULD BE THE METER INSTALLATION CHARGE FOR A 5/8" METER?
- A. As shown on my Exhibit No. $\underline{JC-9}$, after eliminating or reducing the costs discussed above, the cost of installing a 5/8" x 3/4" meter would be approximately \$121.93. Based on this, I believe the meter installation charge for a 5/8" x 3/4" meter should be \$125.00.
- Q. DOES THIS UTILITY PROVIDE WATER SERVICE TO ANY UNMETERED LOCATIONS?
- which receive service from Turkey Creek. Two of these are located at a condominium in the Turkey Creek Subdivision and the remaining five are at common areas of the Turkey Creek Subdivision. The condominium was charged a flat rate of \$21.40 per location on June 30, 1992. According to the utility, the rate was agreed upon by the utility and the condominium.
 - Service to the five remaining unmetered locations has been disconnected because the TCMOA refused to pay the bills. However, the utility has

stated that it will reconnect service to these locations and install water meters if the association agrees to pay the meter installation charges.

Q. WHAT ACTION DO YOU BELIEVE SHOULD BE TAKEN WITH REGARD TO SERVICE TO UNMETERED LOCATIONS?

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- 6 A. For conservation purposes, I believe all water service should be 7 metered, especially water used for irrigation. The utility is located 8 within an area designated by the St. Johns River Water Management 9 District as a water use caution area, which means that the area either 10 has existing water resource problems or such problems are projected to 11 develop during the next twenty years. In addition, the utility has stated to staff that it will install meters at these locations if the 12 13 customers pay the appropriate fees. I believe that if the customers desire irrigation service at these locations, meters should be installed 14 15 at the customer's expense. The size of the meter installed should be 16 determined by the customer. The utility will then be required to charge 17 the approved water rates for General Service Customers.
- Q. HAVE YOU BEEN ADVISED BY CUSTOMERS OF THIS UTILITY THAT TURKEY CREEK
 UTILITIES HAS INSTALLED ONE INCH METERS AT LOCATIONS WITHOUT THE
 CUSTOMER'S REQUEST?
 - A. It has been alleged by customers that Mr. Hope is installing one inch meters on some residential property by his own choice, rather than the standard 5/8" x 3/4" meter. The effect on the customers of having the larger meter is that the utility charges the higher service availability charges and, because of the utility's rate structure, a higher minimum

charge for service each month. As shown on Exhibit No. $\underline{JC-3}$, the utility's rate structure includes a minimum charge containing some usage which varies by meter size. The usage included in the minimum charge for a standard 5/8" x 3/4" meter is 4,000 gallons; that included in the minimum charge for a 1" meter is 6,000 gallons.

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Staff asked the utility whether it was installing one inch meters at residential locations without a request from the customer. Mr. Hope was nonresponsive, neither confirming nor denying that the utility was doing this.

Q. WHAT ACTION DO YOU BELIEVE SHOULD BE TAKEN WITH REGARD TO THIS MATTER?

- If it is established that the utility is installing one inch meters without the customer's request, I believe the utility should be required to install at no cost to the customer the standard 5/8" x 3/4" meter at these locations and begin billing the rates applicable to the smaller size meter. In the alternative, the utility may elect not to change out the meter. However, in that case, the utility should be required to begin billing as if the customer were receiving service from a 5/8" x 3/4" meter, which is the Commission's general practice.
- Q. HAVE YOU REVIEWED THE STANDARD APPLICATION FOR SERVICE SUBMITTED BY THE UTILITY IN ITS TARIFF?
- A. Yes, and I found that there are portions of the standard form which I believe should be deleted or revised. A copy of the form, which is contained in the utility's tariff, is attached to my testimony for ease of reference as Exhibit No. <u>JC-10</u>. The specific paragraphs in the form, which I believe should be deleted, are numbered 9, 10, 13, and 15.

Q. PLEASE EXPLAIN.

A. Paragraph 9 provides: "I further agree to be responsible for any damage done to any seals, material or equipment of Turkey Creek Utilities."

This statement should be deleted. It is unfair for the utility to require the applicant to assume total liability for any damage that may be done in the future to utility property. If such damage occurs in the future, the liability should be determined on a case-by-case basis.

Paragraph 10 provides: "I am not to use any water, except as approved in writing by Turkey Creek Utilities on or in connection with the above premises which is not furnished or supplied by Turkey Creek Utilities, or its successors, designees, nominees, or assignees." This statement should be deleted. The utility does not have the authority to approve, nor can the Commission sanction, how an individual receives water service. County ordinance or deed restrictions will determine whether or not private wells are allowed, not the water utility.

Paragraph 13 provides: "water from a well, stream, lake or basin may be used only for the purpose of watering grass, shrubs, gardens, and as approved in writing by Turkey Creek Utilities." As with paragraph 10, this statement should be deleted because neither the utility nor the Commission has the authority to approve how the customer receives water service.

Paragraph 15 provides: "I agree to be responsible for all attorneys' fees and costs incurred on behalf of Turkey Creek Utilities as a result of action taken to collect any charges incurred by me." This statement should be deleted because it assumes guilt on the part of the customer

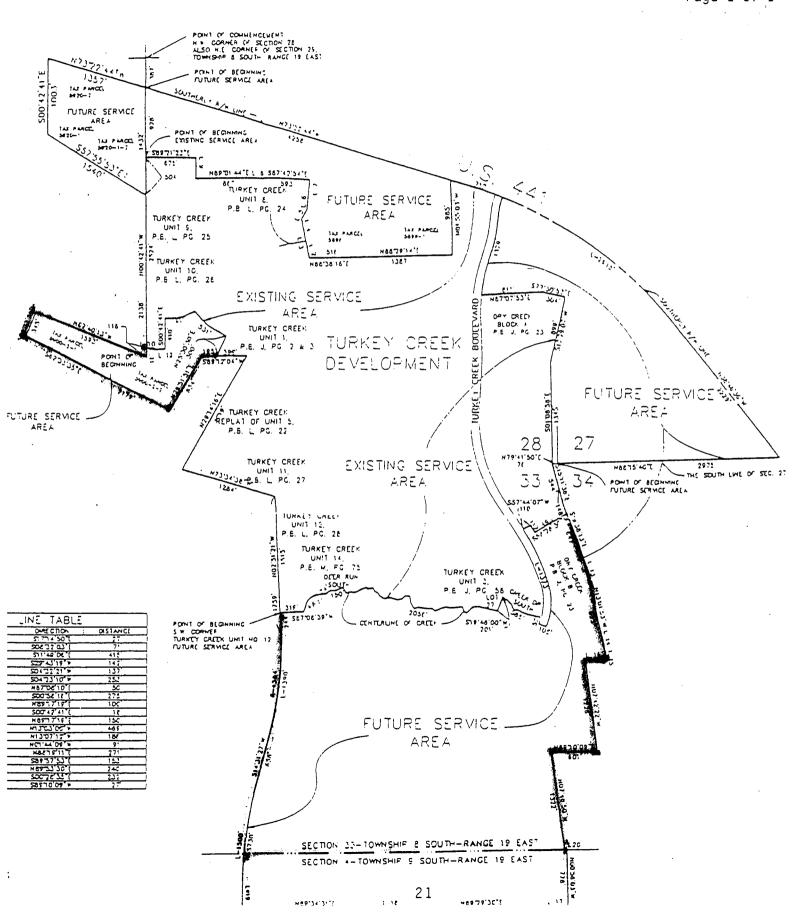
in any action taken by the utility. The Commission does not have the authority to sanction such a presupposition of a liability of the customers. Also, I have been advised by the Commission's legal staff that there are statutory remedies to provide for the recovery of attorney's fees and costs when determined by the appropriate body to be justified.

In addition, Paragraphs 2, 5 and 6 contain references to charges which staff is recommending either be eliminated or reduced, such as the late fee and disconnection fee. These paragraphs should be revised in the form upon decision of the Commission with regard to these charges.

- Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?
- A. Yes, it does.

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Docket No. 921098-WS
Florida Public Service Commission
JC-2
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SERVICE TERRITORY DESCRIPTION - TURKEY CREEK, INC.

A part of Sections 27, 28, 32, 33, and 34, Township 8 South, Range 19 East, and a part of Section 4, Township 9 South, Range 19 East, Alachua County, Florida; being more particularly described as follows:

Commence at the northwest corner of said Section 28 and run South 00° 42' 41" East, along the west line of said Section 28, 1315 +/ feet, to the Point of Beginning; thence South 89° 21' 23" East, 675 +/- feet; thence South 00° 58' 16" East, 275 +/- feet; thence easterly the following courses: North 89° 01' 44" East, 867 +/feet; North 87° 08' 10" East, 50 +/- feet; South 87° 42' 54" East, 593 +/- feet; thence southerly the following courses: South 04° 23' 10" West, 253 +/- feet; South 04° 32' 21" West, 137 +/- feet; South 29° 43' 19" West, 142 +/- feet; South 11° 49' 06" East, 305 +/feet; South 11° 49' 06" East, 110 +/- feet; South 08° 32' 03" East, 71 +/- feet; South 17° 14' 50" East, 27 +/- feet; thence easterly the following course: North 88° 38' 16" East, 516 +/- feet; North 88° 29' 14" East, 1387 +/- feet; thence North 01° 55' 03" West, 985 +/- feet; to the southerly right-of-way line of U.S. - 441; thence southeasterly along said right-of-way line 712 +/- feet, thence South 9° 30' West, 550 +/- feet; thence South 12° West, +/- 780 feet; thence North 87° 07' 53" East, 811 +/- feet; South 77° 30' 53" East, 304 +/- feet; South 12° 29' 07" West, 899 +/- feet; South 01° 08' 58" East, 1345 +/- feet; South 15° 11' 38" East, 544 +/feet; South 19° 38' 13" East, 148 +/- feet; South 19° 38' 13" East, 647 +/- feet; South 13° 03' 06" East, 469 +/-feet; South 13° 01' 53" East, 623 +/- feet; South 13° 07' 12" East, 186 +/- feet; South 01° 44' 09" East, 91 +/- feet; South 88° 19' 11" West, 271 +/feet; South 07° 42' 22" East, 1226 +/- feet; South 89° 10' 09" West 601 +/- feet; South 07° 48' 50" East, 1322 +/- feet to the South line of Section 33, Township 8 South, Range 19 East; North 89° 10' 09" East 27 +/- feet; Thence entering Section 4, Township 9 South, Range 19 East; South 00° 56' 03" East, 778 +/- feet; North 89° 57' 53" West, 153 +/- feet; South 89° 29' 30" West, 1940 +/- feet; South 89° 53' 30" West 240 +/- feet; South 89° 34' 31" West 1935 +/- feet; North 00° 28' 35" West 232 +/- feet to the beginning of a curve concave easterly and having a radius of 5730 +/- feet; thence Northerly along said curve 1500 +/- feet to the end of said curve, (or approximately North 1° East, 500 +/- feet to the North line of Section 4, Township 9 South, Range 19 East; and North 9° East, 950 +/- feet); thence North 14° 31' 27" East, 658 +/- feet to the beginning of a curve concave westerly and having a radius of 4584 +/- feet; thence Northerly along said curve 1390 +/- feet to the end of said curve, (or approximately North 12° East, 600 +/feet; and North 4° East 725 +/- feet); thence North 02° 51' 21"

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West, 1759 +/- feet; thence North 73° 34' 38" West, 1284 +/- feet; thence North 29° 14' 16" East, 1719 +/- feet; thence South 89° 12' 04" West, 594 +/- feet; thence South 29° 51' 51" West, 834 +/- feet; thence North 62° 33' 35" West, 2179 +/- feet; North 23° 27' 51" 345 +/- feet; Thence South 67° 40' 13" East, 1593 +/- feet; thence North 00° 42' 41" West, 2642 +/- feet to the Point of Beginning.

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WATER SYSTEM

Residential and General Service

Monthly Rates

In Effect on June 30, 1992

Minimum Charge by Meter Size:

<u>Meter Size</u>

5/8 x 3/4" (includes 4,000 gal.)	\$ 10.35
1" (includes 6,000 gal.)	12.05
1 1/2" (includes 20,000 gal.)	23.95
2" (includes 40,000 gal.)	40.95
<pre>Gallonage Rates: (over minimum allowance)</pre>	\$.85 per 1,000 gallons

General Service

Two unmetered locations: \$ 21.40 per month (As of June 30, 1992)

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WASTEWATER SYSTEM

Residential Service

Monthly Rates

In Effect on June 30, 1992

All meter sizes:

Minimum Monthly Charge: \$ 23.75
 (includes 4,000 gallons consumption)

Gallonage Charge
 (over 4,000 gallons)

3.90 per 1,000 gallons up to 7,000 gallons

Maximum Monthly Charge:

\$ 35.45

General Service

Monthly Rates

There are five general service customers who receive wastewater service from Turkey Creek Utilities. All of these customers pay the above-noted rates for service. However, for two customers, the utility adjusts the amount of water to which the rates apply to reflect that not all water usage is returned to the wastewater system. The utility applies the rates to 75% of the water consumption of the clubhouse of the Turkey Creek Country Club and to 30% of the water consumption of the maintenance house of the Turkey Creek Country Club.

MAYLAGGA

2900 Turkey Creek Boulevard 158 Turkey Creek Alachua, Florida 32615-9513 Phone (904)462-5653

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February 11, 1993

Mrs. Edie Xanders
Public Service Commission
Fletcher Building
101 East Gaines Street
Tallahassee, FL 32399-0850

Re: Docket No. 921098-WS

Dear Mrs. Xanders:

The following is in response to your letter dated January 25, 1993.

- l. We do not remember any incidents of changing out a 5/8" meter to a 1" meter. We would like the name of the customer who advised that we did this and an approximate date.
- 2. Turkey Creek Country Club is the only General Service customer that we have at the present time and the following are their seven (7) meter locations together with the meter sizes:

5/8" meter - two rain shelters

- 1" meter swimming pool-recreation building
- 1" meter island irrigation at front of clubhouse
- 1" meter maintenance building
- 2" meter clubhouse
- l" meter sod farm
- 3. While we have been in the transition, we did inadvertently have two different due dates on the bill. However, we have not charged any late fees until the correct due date which was always the later of the two, and this has since been corrected.
- 4. Our late fee is and always has been \$20.00 or 10%, whichever is greater and is assessed each month until the bill is paid in full. Our late fee is assessed the day after the due date.
- 5 Our fire hydrant service fee of \$19.98 per fire hydrant per year was designed just as a token fee as payment for furnishing fire hydrant service, maintenance, and water to each fire hydrant. The City of Gainesville charges the unincorporated areas of the county a fee of \$18.98 per fire hydrant per month and we intend to put in for a higher fee as soon as you tell us that we may apply for same.



- 6. The \$40.00 connection fee and the \$40.00 disconnection fee are charged at the initial connection. Yes, we do assess a cut-on and cut-off charge any time a customer requests us to turn off his service. You must also recognize that there is a plumbing code that requires each house to have a water cut-off valve within 5' of the residence and each home or unit in Turkey Creek has this cut-off. fact, sometime ago we advised all customers who were unable to locate their cut-off valve and wanted to install a cut-off valve in their line so that they would not have to pay for our service that we would turn off their water free of charge for this to be done. However, very few customers took advantage of this, and the problem is that people are too lazy to use their own cut-off valve. A parallel to this would be asking the electric company to pull their meter every time there is an electrical fault in the house. The \$60.00 after hours charge is merely time and a half. I think this is standard with most service companies. We either place a padlock or some locking device on our meters when they are turned on or off to lock them either on or off. The only reason for an emergency situation is because the customer will not use his own cut-off valve. If you need further explanation, please advise your specific questions and we will try to explain further.
- 7. There are two unmetered irrigation locations that are just too much trouble for the customer to meter. We arrived at a price which was mutually agreeable and we have both agreed to be reasonable with each other. So far, we have not had any problems. The customers understand that these locations can be metered at their request at any time they so desire upon payment of appropriate charges.
- 8. Forwarded herewith is a letter which we wrote to Mr. Junius Jones concerning the unmetered irrigation locations for the TCMOA. We feel that this is now moot since they have been disconnected permanently.
- 9. This matter has been reduced to court action and the TCMOA has requested a jury trial. This is in the process of litigation so we are unable to advise what amounts TCMOA will owe.
- 10. One month we did assess a 25¢ pass through charge which we understood we could do. However, since that time we corrected this and returned the 25¢ charge to each customer the next month pursuant to your request.

Several months ago we gave you the information that is contained in No. 2 through 10 and are just reiterating that at this time, but if this is not clear at this time, please advise.

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We wrote you a letter requesting that we be furnished with a copy of any and all complaints, whether in writing, telephonic or in person, concerning Turkey Creek Utilities. You sent us five or six written complaints but we know, and even your letter of January 25, 1993, says that you have received other complaints. We want a copy of any and all complaints, whether in writing, telephonic or in person, concerning Turkey Creek Utilities. We do not think this is unreasonable. If you think so, please advise why. Yours very truly,

TURKEY CREEK UTILITIES

Norwood W. Hope

cc: John Wharton

Encl.

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TURKEY CREEK UTILITIES KEEP THIS HALE FOR YOUR DECORDS

VEEL THIS HATE LOR TOOL	REEP THIS HALF FOR YOUR RECORDS		
10/12/92	AMOUNT	CODE	
Fire Hydrant Serv Fee for year 1992	1		
92 hydrants at \$19.98 each	\$1,838.	16	
Please see reverse A 10% late fee will be not paid when due	1		

TURKEY CREEK UTILITIES 158 Turkey Creek Alachua, FL 32615-9513



TOTAL

Turkey Creek Master Owners Association, Inc. Suite 30 P. O. Box 147050 Gainesville, FL 32614-7050

RETURN THIS HALF WITH PAYMENT s 1,838.16 s s s 1,838.16 AMOUNT PAST DUE | CURRENT BILLING

BILLS ARE DELINQUENT AFTER THE 10TH OF THE MONTH BILLING 10/12/92 ACCOUNT NO. 10/12/92 ACCOUNT Docket No. 921098-WS Florida Public Service Commission JC-6 Page 1 of 1

RECOMMENDED MISCELLANEOUS SERVICE CHARGES

TYPE OF SERVICE	WATER	WASTEWATER
Initial Connection	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual cost
Premises Visit (in lieu of disconnection)	\$10.00	\$10.00

When both water and wastewater service is provided, only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions.

UTILITY'S SERVICE AVAILABILITY CHARGES

In Effect June 30, 1992

Capital Facilities Charges

Water System:

Meter Size	<u>Charge</u>
5/8 x 3/4"	\$380.00
1"	545.00
1 1/2"	675.00
2 "	900.00

Wastewater System:

<u>Meter Size</u>	<u>Charge</u>	
5/8 x 3/4"	\$440.00	
1"	590.00	
1 1/2"	725.00	
2 "	950.00	

Meter Installation Charges

<u>Charge</u>	
\$375.00	
460.00	
675.00	
900.00	

RECOMMENDED SERVICE AVAILABILITY CHARGES

Plant Capacity Charge

Water System: \$380.00 per ERC

Wastewater System: \$440.00 per ERC

Meter Installation Charges

<u>Meter Size</u>	<u>Charge</u>	
5/8" x 3/4"	\$125.00 \$175.00	
Above 1"	Actual cost	

In addition, the utility should be allowed to collect a customer connection charge based on the cost of connecting to the utility's main.

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TYPICAL WATER METER INSTALLATION COST

		5/8"	1"/
5'	Main Shut-off Valve 1" Plastic Flex Pipe @ 52\$/ft.	\$ 14.10 \$	5 \26. \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
31/2	l" Brass T & \$16.41 Lockable Curb Stop, Lock & Washer Meter	C.21 	8./21 23/89 97.10
2 1	Plastic Meter Boxes & Covers @ \$13.33 ea. PVC Ball Shut-off Valve		26.66 18.28
l 6 hrs. 2 hrs.	PVC Ball Check Valve Mechanic @ \$7.00/hr. Helper @ \$5.25/nr.	26.18 42.00 7.00 63.00 5.25	3/1.14 42.00 63.00
1 2 1125.	Truck, tools, misc. Overhead, insurance, etc.	66.00 11.00 62.52/042	66 00 78.96
	TOTAL COST	\$391.56 \$121.93	494.\$9

There is no cost included in the above for the two trips which have to be made to locate the water and sewer entry for the customer or to make an inspection of sewer connection.

EXHIBIT "F"

NAME OF COMPANY _ Family Biner, Inc. and Turkey Creek, Inc.

WATER TARIFF

d/b/a Turkey Creek Utilities

 $\begin{array}{c} \text{Docket No. 921098-WS} \\ \text{Florida Public Service Commission} \\ \text{JC-10} \end{array}$

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APPLICATION FOR WATER SERVICE
TURKEY CREEK UTILITIES
APPLICATION FOR RESIDENTIAL WATER AND WASTEWATER SERVICE
For a total of \$175.00 which represents a deposit of \$95.00, a connection fee of \$40.00, and discountable fee of \$40.00, I do hereby apply for the services of Turkey Creek Utilities to serve water and sewer to:
Phone No. 1. Will receive internat on my deposit namey as set by the PSC rules. 2. Service connections or disconnections at the customar's request will only be done upon a working days written notice and during normal business Mours of Turkey Creek Utilities. A \$40.00 fee will be charged where any service is connected or disconnected for any reason during normal business hours. Any connections or disconnections at any other time will be charged at the rate of \$60.00 each. 3. All payments for service shall be made in person or by mail at the office of Turkey Creek Utilities in Alachua, FL. 4. If service is rendered for less than fifty percent of the normal billing cycle. Turkey Creek Utilities shall prorate as per PSC rules. 5. If I do not pay for this service, plus applicable taxes thereon, on or before 4:30 P.M. on the 20th day after said bill has been mailed or presented for payment, it will be delinquent and I will pay a late charge of \$20.00 or 10% of the unpaid balance, whichever is greater, per month until paid. 6. My service will be discontinued after 5 mocking days written notice of said account being delinquent and pursuant to PSC rules for non-compliance with the rules and regulations, and before service may be reinstated, my account with Turkey Creek Utilities must be paid current, including the appropriate disconnection and reconnection fees. 7. The above mentioned deposit may be used to pay any delinquency on my account, and said deposit is refundable to me, provided my account with Turkey Creek Utilities is paid-in-full. 8. I am not to remeter, resell, allow to be used on another property or residence, any water obtained from Turkey creek Utilities and that I will not allow other water to be connected with the water system of Turkey Creek Utilities. 9. I agree not to tamper with, damage or destroy any seals, material or equipment of Turkey Creek Utilities. 10. I am not to use any water, except as approved in writing by Turkey Creek Utilities on or in connection with the above premises wh
system on my property at any reasonable hour to determine compliance with this application. I further understand that if I am not complying with all conditions on this application, that my mater and wastewater service will be discrutinued pursuant to PSC rules. 15. I agree to be responsible for all attorneys' fees and costs incurred on behalf of nurkey Creek Utilities as a result of action taken to collect any charges incurred by me.
I hereby agree to pay the rates and obey/follow rules as may be set or amended from time to lime by Turkey Creek Utilities and/or PSC.
Signature
Social Security No

Norwood W. Hope	
ISSUING OFFICER	
President TITLE	

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificates) DOCKET NO. 921098-WS to provide water and) FILED: SEPTEMBER 20, 1993 wastewater service in Alachua)
County under grandfather) rights by TURKEY CREEK, INC.)
& FAMILY DINER, INC. d/b/a)
TURKEY CREEK UTILITIES)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Prefiled Direct Testimony of JoAnn Chase filed in this proceeding on behalf of the Staff of the Florida Public Service Commission has been furnished by U. S. Mail on the 20th day of September, 1993, to the following persons:

John L. Wharton, Esquire 2548 Blairstone Pines Drive Tallahassee, Florida, 32301

Stephen C. Reilly, Esquire Office of Public Counsel Room 812 111 West Madison Street Tallahassee, Florida 32399-1400

Peter C.K. Enwall 211 NE First Street Post Office Box 23879 Gainesville, Florida 32602

Catherine Bedell, Staff Attorney

FLORIDA PUBLIC SERVICE COMMISSION 101 East Gaines Street Tallahassee, Florida 32399-0863 (904) 487-2740