**FLORIDA PUBLIC SERVICE COMMISSION**

 **Fletcher Building**

 **101 East Gaines Street**

 **Tallahassee, Florida 32399-0850**

 **M E M O R A N D U M**

 **December 20, 1993**

**TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING**

**FROM : DIVISION OF WATER AND WASTEWATER (RASBERRY)**

 **DIVISION OF LEGAL SERVICES (O'SULLIVAN)**

**RE : UTILITY: THE PEOPLES WATER SERVICE COMPANY**

**DOCKET NO.: 931108-WU**

**COUNTY: ESCAMBIA**

**CASE: REQUEST TO CHANGE MISCELLANEOUS SERVICE CHARGE; DECREASING THE VIOLATION RECONNECTION CHARGE**

**AGENDA : JANUARY 4, 1994**

**CRITICAL DATES: 60 DAYS EXPIRES JANUARY 8, 1994**

**SPECIAL INSTRUCTIONS: NONE**

**FILE NAME: I:\PSC\WAW\WP\931108.RCM**

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 **CASE BACKGROUND**

 The Peoples Water Service Company (Utility) is a Class A. Water utility in Escambia County. On August 25, 1992 Order No. PSC-92-0866-FOF-WU was issued approving the Utility's application for a grandfather water certificate, and establishing the Utility's initial rates and charges. According to the 1992 Annual Report, the company served 7,672 water customers. The utility reported Annual Revenues of $2,198,645, Operating Income of $490,063 with an achieved rate of return of 13.61%.

 On November 9, 1993 the utility filed a tariff sheet requesting approval to change its Violation Reconnection charge by decreasing it from $50.00 to $30.00. An additional data request was sent to the utility on November 18, 1993 for clarification of this filing. In the utility's response of November 18, 1993, it explained that the change is being requested to improve public relations, and improve employee morale. The utility stated that many customers argue with its office staff about the current charge, and this creates a strain on customer relations and the employees' work environment. Also the utility stated in its response that in the month of June 1993 there were 151 violation reconnections at $50.00 each. This resulted in the collection of $7,550.00 in Miscellaneous Service Charge revenues. If the charge were changed to $30.00 the revenue collected would have been $4,530.00 for the same period. This equates to a difference of $3,020.00 and will not cause the utility to underearn.

 **DISCUSSION OF ISSUES**

**ISSUE 1:** Should the tariff filing of The Peoples Water Service Company to reduce its Violation Reconnection Charge from $50.00 to $30.00 be approved?

**RECOMMENDATION:** Yes, the tariff filing of The Peoples Water Service Company to reduce its Violation Reconnection Charge from $50.00 to $30.00 should be approved. The new rate should become effective for meter readings on or after thirty days from the stamped approval date. (RASBERRY)

**STAFF ANALYSIS:** Staff recommends that the utility's tariff to decrease its Violation Reconnection charge be approved. The utility stated that this request is an effort to improve public relations and employee morale which has been poor because of the amount of the present charge. In the past many utility customers argued with its office staff about the high charge, thus creating a strain on customer relations and the employees' work environment. More specifically, the utility's representative told staff that there has been specific incidents in their District office where one customer physically damaged the front door because of anger, and another customer threatened to come behind the counter to harm utility personnel. In the past it has been necessary in some cases to call for police assistance. The utility believes it can better serve its customers by lowering the present charge than by having to continue to handle these regular confrontations between office staff and customers.

 When asked about the effect on revenues and the cost basis of lowering the Violation Reconnection Charge from $50.00 to $30.00 the utility used June 1993 as a typical month. During the month of June $7,550.00 was collected in Violation Reconnection fees, (151 @ $50.00). A decrease of this fee to $30.00 would net $4,530.00 (151 @ $30.00). This would be a difference of $3,020.00 for a typical month. According to the Utility's representative this difference would not cause the utility to underearn. When responding to the question about the cost basis for the $30.00 charge, the utility stated that the cost to perform a Violation Reconnection in its service area has not decreased, it still costs $50.00 to perform this type service. However, the greatest concern at this point is to improve its present customer relations, and to do something positive which will have the effect of improving employee safety and morale. Even though the utility has previously justified a need for a $50.00 Violation Reconnection Charge in its application for a grandfather water certificate, it appears that its request to lower the charge to $30.00 is reasonable considering the circumstances. As a result staff recommends that the Utility's request to decrease this charge to $30.00 be approved.

**ISSUE 2:** Should the docket be closed?

**RECOMMENDATION:** Yes, the docket should be closed unless a substantially affected person files a petition for a formal proceeding within 21 days of issuance of the order. The tariff should become effective for meter readings thirty days from the stamped approval date. If a timely protest is filed this tariff shall remain in effect pending resolution of the protest. (O'SULLIVAN)

**STAFF ANALYSIS:** If a protest is not received within 21 days of the issuance of the order, the docket may be closed.