

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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

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COMMISSION
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DATE: DECEMBER 04, 2003

TO: DIRECTOR, DIVISION - OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (IWENJIORA, RENDELL)
OFFICE OF THE GENERAL COUNSEL (JAEGER) *Handwritten initials: JJ, N, JDS, and a signature*

RE: DOCKET NO. 030956-WU - APPLICATION FOR APPROVAL OF REVISED
SERVICE AVAILABILITY CHARGES TO INCREASE METER
INSTALLATION FEES IN OSCEOLA COUNTY BY O&S WATER COMPANY,
INC.
COUNTY: OSCEOLA

AGENDA: 12/16/2003 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE WAIVED TO: DECEMBER 16,
2003

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030956.RCM

CASE BACKGROUND

O & S Water Company, Inc. (O & S or utility) is a Class C utility which provides water service in Osceola County. According to the utility's 2002 annual report it served approximately 185 customers. In addition, the annual report reflects annual operating revenue of \$61,051 and a net operating loss of \$79,221.

By Order No. 20583, issued on January 10, 1989, in Docket No. 870392-WU, In Re: Objection to application for C&S Water Company for a water certificate in Osceola County, the Commission granted the utility Certificate No. 510-W to provide service to certain territory in Osceola County and established initial rates and charges when the utility was known as C & S Water Company. By Order No. PSC-92-0204-FOF-WU, issued April 14, 1992, in Docket No.

DOCUMENT NUMBER-DATE

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910895-WU, In Re: Application for transfer of majority organizational control of C&S Water Company's certificate No. 510-W in Osceola County from Doug Stewart and the Estate of Jack Chernau to Douglas B. Stewart, rate base was established. By Order No. PSC-92-1339-FOF-WU, issued November 18, 1992, in Docket No. 920941-WU, In Re: Request for name change on certificate No. 510-W in Osceola County from C&S Water Company to O&S Water Company, the Commission granted the name change. Further, by Order No. PSC-03-0873-PAA-WU, issued July 29, 2003, in the combined Dockets Nos. 030067-WU, In Re: Application for approval of special service availability contract (developer agreement) with Avatar Properties Inc. and bulk water service agreement with Florida Governmental Utility Authority, by O&S Water Company, Inc. in Osceola County and 030160-WU, In Re: Application for amendment of certificate No. 510-W to extend water service in Osceola County by O&S Water Company, Inc., the Commission approved the special service availability agreement and extended the utility's territory. The utility's rates have been the same since it was certified.

On October 1, 2003, pursuant to Section 367.091, Florida Statutes, and Rule 25-9.004, Florida Administrative Code, the utility filed a tariff request for approval to revise its meter installation fee. On November 11, 2003, the utility waived the 60-day time-frame for suspending the tariff until December 16, 2003. This recommendation addresses the utility's request for approval to increase its meter installation fee. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should O & S Water Company Inc.'s proposed tariff sheets to increase its meter installation fee to \$300 be approved as filed?

RECOMMENDATION: Yes. Fourth Revised Sheet No. 38.0 and First Revised Sheet No. 38.1, increasing O&S's meter installation fee to \$300, should be approved as filed. The meter installation fee should become effective for connections made on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, if no protest is filed. (IWENJIORA)

STAFF ANALYSIS: On October 1, 2003, pursuant to Section 367.091, Florida Statutes and Rule 25-9.004, Florida Administrative Code, the utility filed a tariff request for approval to revise its meter installation fee. The utility filed a tariff request for approval to increase its meter installation fee from \$142 to \$300. Section 367.091(6), Florida Statutes, authorizes the utility to file an application to establish, increase, or change a rate or charge other than monthly rates or service availability charges. However, the application must be accompanied by a cost justification. The utility did not provide cost justification with its original filing. Staff requested documentation to justify the cost. In response, on November 13, 2003, the utility provided information and invoices to document the cost as follows:

Breakdown of Costs for Meter Installation

Meter	\$ 82.50
Meter Box (with lockdown lid)	\$ 24.00
ERTs	\$ 96.50
Pipe Stand	\$ 1.00
Tax (7%)	\$ 14.28
Labor Installation	\$ 45.00
Inspection Meter Assembly	\$ 15.00
Electronic Check and Adjustment	\$ 18.00
Miscellaneous Shipping/Handling	\$ <u>3.72</u>
Grand Total	\$ <u>300.00</u>

As shown above, the utility provided documentation showing the actual cost of the new meter installation fee. The increased meter fee is primarily due to the cost of the Electronic Response Transmitters (ERTs) which will be affixed to each meter. ERTs operate by sending radio signals which are read with a hand-held device. O&S has registered its radio frequency with the Federal Communications Commission which gives the utility the exclusive right to that frequency. The utility states that it has researched various models of ERTs and chose the model with the best record for efficiency, reliability, and accuracy. The utility proposes to use an ERT model that is primarily employed by public utilities, which gives added assurances of reliability and accuracy.

Further, the utility states that meters with the ERTs affixed will be more cost effective and efficient than standard meters because they can be read remotely from the street without requiring access to the customers' property. The readings will then be downloaded into the utility's computer for bill processing. The utility's customer base is projected to increase from 185 customers (per 2002 annual report) to approximately 4,500 customers within the next ten years. The meters with the ERTs will allow a utility

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employee to read all meters in its service area in four or five days. Further, the extra cost that is associated with the lockdown lid is a protective measure that will prevent tampering and theft. The meters will be locked, and only the utility company will have access. As a result, the utility has indicated that labor cost for meter reading and billing will be reduced.

Staff believes that the utility's cost documentation justifies the requested \$300 meter installation fee. Therefore, Fourth Revised Sheet No. 38.0 and First Revised Sheet No. 38.1, increasing O&S's meter installation fee to \$300, should be approved as filed. The meter installation fee should become effective for connections made on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, if no protest is filed.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: If Issue 1 is approved, the tariffs should become effective on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, these tariffs should remain in effect with any increase held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, this docket should be closed, upon the issuance of a Consummating Order. (JAEGER, IWENJIORA)

STAFF ANALYSIS: If issue 1 is approved, the tariffs should become effective on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, these tariffs should remain in effect with any increase held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, this docket should be closed, upon the issuance of a Consummating Order.