

State of Florida



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: April 12, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Engineering (Rieger, Lewis) *SDR*
Division of Economics (Hudson, Roberts) *CL*
Office of the General Counsel (Brownless, Crawford) *PR*

RE: Docket No. 130052-WU – Application for grandfather certificate to operate water utility in Charlotte County by Little Gasparilla Water Utility, Inc.

AGENDA: 04/25/13 – Regular Agenda – Proposed Agency Action for Issues 3-4 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Balbis

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ENG\WP\130052.RCM.DOC

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COMMISSION
CLERK

*JSC
DPR*

Case Background

On February 12, 2013, the Board of County Commissioners of Charlotte County (County) passed and adopted Resolution No. 2013-003 (Resolution), transferring regulation of the privately owned for profit water and wastewater utilities in the County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in the County became subject to the provisions of Chapter 367, Florida Statutes (F.S.). The Commission acknowledged the Resolution on March 14, 2013.¹

¹ See Order No. PSC-13-0127-FOF-WS, issued March 14, 2012, Docket No. 130049-WS, In re: Resolution of the Board of County Commissioners of Charlotte County declaring Charlotte County subject to the provisions of 367, F.S.

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FPSC-COMMISSION CLERK

Pursuant to Section 367.171(2)(b), F.S., each 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 day the chapter becomes applicable to the utility. On February 26, 2013, Little Gasparilla Water Utility, Inc. (Little Gasparilla or Utility) filed an application for a certificate under grandfather rights to provide water service in Charlotte County pursuant to Section 367.171(2)(b), F.S. and Rule 25-30.035, Florida Administrative Code (F.A.C.). The area served is known as Little Gasparilla Island.

The Little Gasparilla system has been in existence since 1986 and currently serves 367 residential customers. The Utility's service area is located in the Southern Water Use Caution Area under the Southwest Florida Water Management District.

This recommendation addresses the application for a grandfather water certificate, and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

Discussion of Issues

Issue 1: Should Little Gasparilla Water Utility, Inc.'s application for a grandfather water certificate in Charlotte County be acknowledged?

Recommendation: Yes. Little Gasparilla's application should be acknowledged and the Utility should be issued Certificate No. 661-W, effective February 12, 2013, to serve the territory described in Attachment A. The resultant order should serve as Little Gasparilla's certificate and should be retained by the Utility. (Rieger, Lewis, Roberts)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Charlotte County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a warranty deed as proof of ownership of the land on which the utility facilities are located, an accurate territory description, and adequate service territory and system maps. A description of the territory known as Little Gasparilla Island is described in Attachment A.

The Utility has been in existence since 1986 and currently serves potable water service to 367 single family homes. The water treatment plant is a reverse osmosis water treatment facility that is currently in compliance with DEP requirements. The Utility reported that there are no material customer service issues. The utility is aware of the requirement to submit an annual report for 2013 pursuant to Rule 25-30.110, F.A.C., and remit to the Commission RAFs effective February 12, 2013, pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Commissioners' Uniform System of Accounts.

Based on the above, staff recommends that Little Gasparilla be granted Certificate No. 661-W to serve the territory described in Attachment A. The resultant order should serve as Little Gasparilla's certificate and should be retained by the Utility.

Issue 2: What rates and charges should be approved for Little Gasparilla Water Utility, Inc.?

Recommendation: The Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. Little Gasparilla should be required to charge the approved rates and charges until authorized to change by this Commission in a subsequent proceeding. (Roberts)

Staff Analysis: According to the application, Charlotte County approved the rates and charges that are shown on Schedule No. 1. The rates include a base facility charge and uniform gallonage charge for water service, miscellaneous service charges, and service availability charges. However, certain charges approved by the County do not appear to be cost based. The continuation of those charges are discussed in Issues 3 and 4.

Staff recommends that the Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. Little Gasparilla should be required to charge the approved rates and charges until authorized to change by this Commission in a subsequent proceeding.

Issue 3: Should the utility be authorized to charge a meter tampering charge and, if so, what is the appropriate charge?

Recommendation: Yes. A \$50 meter tampering charge should be approved effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the meter tampering charge should become effective on or after the stamped approval date on the revised tariff sheets, if no protest is filed and provided customers have been noticed. Little Gasparilla should be required to charge the approved meter tampering charge until authorized to change by this Commission in a subsequent proceeding. (Roberts)

Staff Analysis: According to the application, Charlotte County approved meter tampering charges of \$200, \$400, and \$600 for first, second, and third offenses, respectively, and unauthorized use charges of \$250 and \$500 for second and third offenses. These charges do not appear to be cost based.

Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of an unauthorized or fraudulent use of service. The rule allows the utility to require the customer to reimburse the utility for all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service.

Pursuant to Rule 25-30.345, F.A.C., a utility may charge a reasonable fee to defray the cost of restoring service that was discontinued for proper cause as specified in Rule 25-30.320, F.A.C. Staff recommends that the meter tampering and unauthorized use charges for first, second, and third offenses approved by Charlotte County be discontinued. Consistent with recent Commission decisions, a meter tampering charge based on the typical costs to be incurred in investigating and resolving situations of meter tampering should be approved.² However, the fee is appropriate only where an investigation reveals evidence of meter tampering. Therefore, staff recommends that a \$50 meter tampering charge should be approved effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C., as shown on Schedule No. 2. The Utility shall file revised tariff sheets with the Commission. The revised tariff sheets shall become effective on or after the stamped approval date on the revised tariff sheet, if no protest is filed and once the proposed customer notice has been approved by staff as adequate, and the customers have received the approved notice. Little Gasparilla should be required to charge the approved meter tampering charge until authorized to change by this Commission in a subsequent proceeding.

² See Order No. PSC-12-0357-PAA-WU, issued July 10, 2012, in Docket No. 100048-WU, In re: Application for increase in water rates in Marion County by Sunshine Utilities of Central Florida, Inc.

Issue 4: Should the Utility be authorized to collect late payment fees and, if so, what is the appropriate charge?

Recommendation: Yes. The \$5 late fee should be approved effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. When the revised tariff sheets are filed and approved, the late payment fee shall become effective on or after the stamped approval date on the revised tariff sheets, if no protest is filed and provided customers have been noticed. Little Gasparilla should be required to charge the approved late payment fee until authorized to change by this Commission in a subsequent proceeding. (Roberts)

Staff Analysis: Charlotte County approved a late payment fee of 3 percent of the delinquent charge for Little Gasparilla. The purpose of a late payment charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies upon those who are the cost causers.

Consistent with prior Commission decisions, late payment fees are typically \$5.00.³ Staff recommends that a \$5 late payment fee should be approved effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C., as shown on Schedule No. 2. The Utility shall file revised tariff sheets with the Commission. The revised tariff sheets shall become effective on or after the stamped approval date on the revised tariff sheet, if no protest is filed and once the proposed customer notice has been approved by staff as adequate, and the customers have received the approved notice. Little Gasparilla should be required to charge the approved late payment fee until authorized to change by this Commission in a subsequent proceeding.

³ See Order No. PSC-10-0257-TRF-WU, issued April 26, 2010, in Docket No. 090429-WU, In re: Request approval of imposition of miscellaneous service charges and meter tampering charge in Lake County by Pine Harbour Water Utilities, LLC.

Issue 5: Should this docket be closed?

Recommendation: No. The certification portion of this recommendation will become final agency action upon the Commission's vote. If no person whose substantial interests are affected by the proposed agency action portion of this recommendation, Issues 3 and 4, files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Brownless)

Staff Analysis: The certification portion of this recommendation will become final agency action upon the Commission's vote. If no person whose substantial interests are affected by the proposed agency action portion of this recommendation, Issues 3 and 4, files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

DESCRIPTION OF TERRITORY SERVED

That portion of Township 42 South, Range 20 East, in Sections 15, 16, 21, 22 and 27 in Charlotte County, Florida, bordered on the south by Little Gasparilla Pass, on the east by Placida Harbor, on the west by the Gulf of Mexico, and on the north by the south end of Don Pedro State Park and Recreational Area.

FLORIDA PUBLIC SERVICE COMMISSION

**authorizes
Little Gasparilla Water Utility, Inc.
pursuant to
Certificate Number 661-W**

to provide water service in Charlotte County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
*	*	130052-WS	Grandfather Certificate

*Order Number and date to be provided at time of issuance.

**Little Gasparilla Utility, Inc.
Charlotte County**

Monthly Water Service Rates

Residential and General Service

Base Facility Charge

Meter Size
5/8" x 3/4" \$ 49.80

Gallage Charges

Per 1,000 gallons \$ 4.81

**Miscellaneous Service Charges
Water**

Schedule of Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Fee	\$ 20.00	\$ 40.00
Normal Reconnection Fee	\$ 20.00	\$ 40.00
Violation Reconnection Fee	\$ 20.00	\$ 40.00
Premises Visit Fee (in lieu of disconnection)	\$ 20.00	\$ 40.00

Returned Check Charge

	<u>Charges</u>
\$50.00 or less	\$ 25.00
\$50.01 to \$300.00	\$ 30.00
\$300.01 and above	\$ 40.00

**Service Availability Charges
Water**

System Capacity Charge

Residential - Per ERC (350 GPD)	\$4,500.00
All others-per gallon	\$ 12.86

**Little Gasparilla Utility, Inc.
Charlotte County**

Water

	<u>Current Charges</u>	<u>Recommended Charges</u>
<u>Meter Tampering</u>		
Meter Tampering Fee		\$ 50.00
First Offense	\$ 200.00	N/A
Second Offense	\$ 400.00	N/A
Third Offense	\$ 600.00	N/A
<u>Unauthorized Use Charge</u>		
Unauthorized Use Charge		Actual Cost
First Offense	No Charge	N/A
Second Offense	\$ 250.00	N/A
Third Offense	\$ 500.00	N/A
<u>Late Payment</u>		
Late Payment Fee	3.00% of bill	\$ 5.00