

State of Florida



Public Service Commission

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

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COMMISSION
CLERK

DATE: November 20, 2013

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Bruce) *SH AB PD J.W.D.*
Office of the General Counsel (Gilcher) *GC*

RE: Docket No. 130250-WU – Application for approval of miscellaneous service charges in Pasco County by Holiday Gardens Utilities, Inc.

AGENDA: 12/17/13 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived Through 12/20/2013

Case Background

Holiday Gardens Utilities, Inc. (Holiday Gardens or Utility) is a Class C utility providing water service to 455 customers in Pasco County. The Utility's 2012 annual report indicates total gross revenue of \$71,061 and a total operating loss of \$14,775.

On October 13, 2013, Holiday Gardens filed an application for an after hours normal reconnection charge, a convenience charge, a late payment charge, a meter tampering charge, and initial customer deposits. On November 8, 2013, the Utility extended the 60-day suspension date to December 20, 2013.

This recommendation addresses Holiday Gardens' requested miscellaneous service charges and initial customer deposits. The Commission has jurisdiction over this matter pursuant to Section 367.091, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve Holiday Gardens' requested miscellaneous service charges?

Recommendation: Yes. An after hours normal reconnection charge, a convenience charge, a late payment charge, and a meter tampering charge should be approved as shown on Schedule No. 1. Holiday Gardens should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than ten days after the date of the notice. (Bruce)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Holiday Gardens requested an after hours normal reconnection charge, a convenience charge, a late payment charge, and a meter tampering charge. The Utility currently has approved charges for initial reconnections, normal reconnections, violation reconnections, and premise visits.

After Hours Normal Reconnection Charge

Currently, due to staffing, the Utility is unable to reconnect water service after the close of business. For this reason, the Utility has made an arrangement with a third party vendor for those customers that request reconnection of water service after hours.

The Utility requested an after hours normal reconnection charge of \$30.00, which is more than its normal hours reconnection charge. Pursuant to Rule 25-30.460 (2), F.A.C., a utility may request an additional charge (after hours charge) for overtime when the customer requests that the service be performed after normal hours. The after hours charge may be at the same rate specified for the existing charge during normal working hours. If the Utility seeks a charge other than the normal working hours charge, the Utility must file cost support. The Utility has provided an invoice from the third party vendor indicating a cost of \$30.00 to reconnect service after 4:00 p.m., which is reasonable and consistent with after hours charge for other water utilities. Based on the above, staff recommends that an after hours normal reconnection charge of \$30.00 should be approved.

Convenience Charge

The Utility requested a convenience charge of \$2.50 for customers who opt to pay their water bill by debit or credit card via telephone. The charge is designed to recover the costs incurred for customer contact, supervision, and the bank and credit card processing.

The Commission recently approved a charge of \$2.50 for a customer who opts to pay their bill by debit or credit card for West Lakeland Wastewater LLC., Pinecrest Utilities, LLC.,

and Four Points Utility Corp.¹ The manager of Holiday Gardens is the owner/manager of the utilities for which the convenience charge was recently approved.

Staff believes that the requested charge of \$2.50 is reasonable for customers who opt to pay their water bill by debit or credit card via telephone. The requested charge benefits the customers by allowing them to expand their payment options. Staff recommends that the convenience charge of \$2.50 should be approved.

Late Payment Charge

The Utility requested a late payment charge of \$5.25. A late payment charge is designed to encourage customers to pay their bills on time and to ensure that the cost associated with late payment is not passed on to the general body of ratepayers. The cost justification provided by the Utility appears to be reasonable and consistent with prior Commission decisions.² Staff recommends that the late payment charge of \$5.25 should be approved.

Meter Tampering Charge

Currently, the Utility does not have a meter tampering charge. 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 the 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. The Utility requested a meter tampering charge of \$50.00. In prior cases, the Commission has determined that \$50.00 reflects the typical costs to be incurred in investigating and resolving situations of meter tampering.³ However, the charge is only appropriate where an

¹ See Order Nos. PSC-13-0426-TRF-SU, issued September 19, 2013, in Docket No. 120289-SU, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by West Lakeland Wastewater, LLC.; PSC-13-0427-TRF-WU, issued September 19, 2013, in Docket No. 120290-WU, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Pinecrest Utilities, LLC.; PSC-13-0428-TRF-WS, issued September 19, 2013, in Docket No. 120286-WS, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Four Points Utility Corp.

² See Order Nos. PSC-11-0368-PAA-WU, issued September 1, 2011, in Docket No. 100128-WU, In re: Application for increase in water rates in Gulf County by Lighthouse Utilities Company, Inc.; PSC-10-0735-TRF-WS, issued December 20, 2010, in Docket No. 100381-WS, In re: Request for approval of tariff amendment to include a late payment fee of \$5.25 and establish miscellaneous service charges associated with connection, reconnection, and premises visits for its wastewater operation in Orange County by Pluris Wedgefield, Inc.

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

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investigation reveals evidence of meter tampering. Therefore, staff recommends that a \$50.00 meter tampering charge be approved.

Based on the above, an after hours normal reconnection charge, a convenience charge, a late payment charge, and a meter tampering charge should be approved as shown on Schedule No. 1. Holiday Gardens should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than ten days after the date of the notice.

Issue 2: What is the appropriate initial customer deposit for Holiday Gardens Utilities, Inc.?

Recommendation: Staff recommends that an initial residential customer deposit of \$25.00 and an initial general service customer deposit of two-times the average bill should be approved. The Utility should file a revised tariff sheet and proposed notice consistent with the Commission's vote. The initial customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheet after the customers have been notified. (Bruce)

Staff Analysis: Rule 25-30.311, F.A.C., contains the criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(7), F.A.C. provides that new or additional customer deposits may be collected from existing customers based on an average monthly bill for a two-month period. Holiday Gardens' existing tariff does not authorize the Utility to collect an initial customer deposit. The Utility requested an initial residential customer deposit of \$24.00 that reflects an average bill for a two-month period based on the Utility's existing rates. The Utility also requested an initial general service customer deposit of two times the average bill for a two-month period.

Staff recommends that an initial residential customer deposit of \$24.00 and an initial general service customer deposit of two-times the average bill should be approved. The Utility should file a revised tariff sheet and proposed notice consistent with the Commission's vote. The initial customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheet after the customers have been notified.

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Issue 3: Should this docket be closed?

Recommendation: No. If the issues are approved, the docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed. (Gilcher, Bruce)

Staff Analysis: If the issues are approved, the docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed.

Holiday Gardens Utilities, Inc.

Staff Recommended

Miscellaneous Service Charges

After Hours Normal Reconnection Charge	\$30.00
Meter Tampering Charge	\$50.00
Convenience Charge	\$ 2.50
Late Payment Charge	\$ 5.25

Initial Customer Deposits

Residential

5/8" x 3/4" \$24.00

General Service

All Meter Sizes 2 x (avg of 2 months' bill)