

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to establish rates for a new class of service for residential wastewater only (RWO) service in all jurisdictional service areas included in Docket No. 950495-WS and currently without authorized RWO rates by Florida Water Services Corporation.

DOCKET NO. 970328-SU
ORDER NO. PSC-97-1503-FOF-SU
ISSUED: November 25, 1997

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA

ORDER APPROVING TARIFF

BY THE COMMISSION:

BACKGROUND

Florida Water Services Corporation (FWSC or utility), formerly Southern States Utilities, Inc., is a Class A utility providing water and wastewater service to approximately 152 service areas in 25 counties. In 1994, FWSC recorded total company operating revenues of \$23,498,289 and \$16,985,104 for water and wastewater, respectively. The resulting total company net operating income for that same period was \$3,445,315 for water and \$2,690,791 for wastewater. FWSC reported that in 1994, it had 102,514 water customers and 43,131 wastewater customers for the total utility.

In FWSC's most recent rate case, processed under Docket No. 950495-WS, the utility requested a uniform wastewater rate structure applicable to all jurisdictional service areas. Among various other types of service rates included in that docket, FWSC requested a uniform, residential wastewater only (RWO) rate for all jurisdictional service areas. By Order No. PSC-96-1320-FOF-WS,

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FWSC-97-1503-FOF-SU REPORTING

ORDER NO. PSC-97-1503-FOF-SU
DOCKET NO. 970328-SU
PAGE 2

issued October 30, 1996, we approved a capband, rather than uniform, wastewater rate structure. That Order is pending on appeal.

As a result of the approved rate structure, we ordered an RWO rate for the nine service areas where RWO customers existed. We further ordered that the RWO rate be calculated on a per service area basis.

On March 18, 1997, the utility filed a petition requesting that we approve rates for a new class of service pursuant to Section 367.091, Florida Statutes, for RWO service in all of FWSC's service areas under our jurisdiction which do not currently have RWO rates. In its filing, the utility calculated its proposed rates on a per service area basis. The filing also included tariff sheets reflecting the proposed RWO rates along with supporting documentation for the proposed rates. By Order No. PSC-97-0561-FOF-SU, issued on May 20, 1997, we suspended the utility's proposed tariff sheets.

RWO RATE REQUEST

Pursuant to Section 367.091(3), Florida Statutes, a utility may only impose and collect rates and charges approved by this Commission for a particular class of service. Therefore, on March 18, 1997, the utility filed a petition requesting that we approve rates for a new class of service for RWO service in all of FWSC's service areas under our jurisdiction which do not currently have RWO rates. The utility stated in its filing that the purpose for requesting a new class of service was that a need for an RWO rate exists for the utility from time to time. The utility also states that the costs associated with providing these RWO customers wastewater service exceeds the costs recoverable through the base facility charge (BFC) portion of the current metered residential wastewater rates. The utility states that RWO customers convey wastewater volume to FWSC's collection and treatment facilities. The utility argues that if the "cost for collecting and treating wastewater were not over and above the costs recovered through the BFC, there would be no need for a usage-based component to the metered service. Therefore, an RWO rate is necessary for the utility to recover its costs associated with collecting and treating wastewater from RWO customers."

In making our determination regarding FWSC's request for an RWO rate, we have considered the number of customers affected by

ORDER NO. PSC-97-1503-FOF-SU
DOCKET NO. 970328-SU
PAGE 3

the RWO rate, the revenues generated by that rate and how FWSC calculated the rate. Regarding the number of customers affected, the utility states that its need for the RWO rates is occasional, not frequent, and that the number of customers affected will not be significant. Currently, only two customers in the utility's Palm Terrace service area require an RWO rate. The utility indicates that most of the customers who would be affected by such a rate receive water service from an unmetered private well.

As discussed earlier, by Order No. PSC-96-1320-FOF-WS, issued in Docket No. 950495-WS, we determined that RWO rate requests would be decided on a case by case basis. The fact that FWSC has few existing RWO customers would appear to support our prior decision. However, the utility argues that even with few existing customers, it is more rational and efficient to process in one docket what might otherwise be processed in 31 separate dockets. FWSC states that to calculate and file RWO rates on a piecemeal basis as the need becomes pressing would be inefficient and duplicative. We agree with FWSC and find it appropriate to address the utility's request in this one docket.

Similar to the utility's belief that the number of customers affected will not be significant, FWSC states that it also believes the revenue derived will not be significant. The utility further states that "the revenue to be derived from and the number of customers to be affected by the requested new class of service are inestimable." Given the infrequent nature of the need for RWO rates and the relatively small number of customers who actually fall into that category, we find that revenue generated from the RWO customers will not be significant.

Our last consideration relates to the utility's calculation of the RWO rate. As stated earlier, the utility included in its filing the calculated rate for each of the service areas which presently have no RWO rate. The utility followed the methodology approved in Order No. PSC-96-1320-FOF-WS to calculate the RWO rate. This methodology uses our approved equivalent residential connections (ERCs) and associated consumption for each service area from Order No. PSC-96-1320-FOF-WS to determine the average usage per ERC per service area. The utility then applied the calculated, average usage per ERC by service area to the corresponding approved wastewater rate. We find it appropriate to apply this methodology to the service areas included in this docket. This methodology is attached to this Order in Schedule 1. The utility has submitted

ORDER NO. PSC-97-1503-FOF-SU
DOCKET NO. 970328-SU
PAGE 4

tariff sheets reflecting the proposed RWO rates along with supporting documentation for the proposed rates.

Upon consideration of the foregoing, we find it appropriate to approve Florida Water Services Corporation's proposed tariff sheets reflecting the utility's request for a new class of service to provide RWO service, as filed. The approved rates, which are included in Schedule 1 attached hereto, shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the affected RWO customers have received notice. The rates shall not be implemented until proper notice has been received by the customers. The utility shall provide proof to staff of the date notice was given within 10 days after the date of the notice.

Finally, as discussed earlier, we note that Order No. PSC-96-1320-FOF-WS is currently pending on appeal. Because rates approved herein rely on Commission methodology under appeal, the approved rates are subject to any subsequent change to Order No. PSC-96-1320-FOF-WS as a result of the appeal. Therefore, if the disposition of the appeal results in any change to FWSC's wastewater rates, the utility shall make a subsequent RWO rate filing with the Commission addressing this change.

The approved tariff sheets shall become final if a formal protest is not received from a substantially affected person within 21 days of the issuance date of this Order. If a protest is filed within 21 days of this Order, the tariff shall remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Water Services Corporation's proposed tariff sheets reflecting the utility's request for a new class of service to provide residential wastewater only service are hereby approved as filed. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDER NO. PSC-97-1503-FOF-SU
DOCKET NO. 970328-SU
PAGE 5

ORDERED that all matters contained in Schedule 1 attached hereto are by reference incorporated herein. It is further

ORDERED that the tariff sheets approved herein shall become effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the affected residential wastewater only customers have received notice. It is further

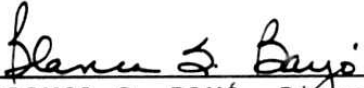
ORDERED that Florida Water Services Corporation shall provide proof that the customers have received notice within 10 days after the date of the notice. It is further

ORDERED that if the disposition of the appeal of Order No. PSC-96-1320-FOF-WS results in any change to Florida Water Service Corporation's wastewater rates, the utility shall make a subsequent RWO rate filing with the Commission addressing this change. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff sheets approved herein shall remain in effect with any increases held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed upon expiration of the protest period.

By ORDER of the Florida Public Service Commission this 25th day of November, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 16, 1997.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.