

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request to establish new class of service in Brevard County for residential wastewater only, pursuant to Section 367.091(5), F.S., by Service Management Systems, Inc.

DOCKET NO. 020111-SU
ORDER NO. PSC-02-0547-TRF-SU
ISSUED: April 22, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING TARIFF ESTABLISHING A NEW CLASS OF SERVICE

BY THE COMMISSION:

BACKGROUND

Service Management Systems, Inc. (SMSI or the utility) is a Class C utility currently providing water and wastewater services to 194 water and wastewater customers in Brevard County. SMSI formerly operated the utility systems under the name of Aquarina Developments, Inc. The systems have the capacity to serve 950 equivalent residential connections (ERCs) and operated under Certificate Nos. 517-W and 450-S since November 19, 1989. The utility's 2000 Annual Report shows gross revenues of \$185,873 for water, and \$91,552 for wastewater. It also indicates that the water system had a net operating loss of \$9,857 and the wastewater system had a net operating loss of \$67,972.

On January 26, 1996, Aquarina Developments, Inc. (Aquarina) filed an application to change the name of the utility to SMSI. According to the application, the effective date of the name change was January 1, 1996. A corporate reorganization that resulted in utility assets being transferred from Aquarina to SMSI, a

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subsidiary of Aquarina, was approved by Order No. PSC-97-0206-FOF-WS, issued on February 21, 1997.

TARIFF FILING

On February 5, 2002, SMSI filed a petition requesting that we approve rates for a new class of service for residential wastewater only ("RWO") service in all of SMSI's service areas. In its filing, SMSI stated that it would provide wastewater service to five homes and over time up to 20 homes, which the utility does not supply with potable water. The homes are supplied drinking water by a separate small water cooperative, the South Brevard Water Cooperative (SBWC). In order to assess wastewater charges, SMSI depends on the total water gallonage determined by SBWC. The water cooperative is slow in billing; therefore, the usage data provided by SBWC is an unreliable and untimely source for the utility to depend on. Therefore, SMSI requested a tariff that would allow it to use 5,000 gallons per month, per single-family residence, as a basis for the wastewater charge to these homes.

Section 367.091(5), Florida Statutes, states:

[i]f any request for service of a utility shall be for a new class of service not previously approved, the utility may furnish the new class of service and fix and charge just, reasonable, and compensatory rates or charges therefor. A schedule of rates or charges so fixed shall be filed with the commission within 10 days after the service is furnished. The commission may approve such rates or charges as filed or may approve such other rates or charges for the new class of service.

In its filing, SMSI also stated that it had begun charging its customers these requested rates, subject to refund, pursuant to Section 367.091(5), Florida Statutes.

SMSI calculated that its average single-family wastewater usage is 5,000 gallons per month. We calculated the average single-family wastewater usage to be 4,876 (13,751,000 total treated wastewater / 12 months / 235 ERCs). Since these calculations are

so close, we believe the 5,000 gallons per month single-family wastewater usage request is reasonable and prudent.

Section 367.091(6), Florida Statutes, states, "[a]n application to establish, increase, or change a rate or charge other than the monthly rates for service pursuant to s. 367.081 or service availability charges pursuant to s. 367.101 must be accompanied by a cost justification." The utility's requested total charge per home per month is \$37.06. This is calculated by taking the utility's current Commission approved tariffed wastewater gallonage charge of \$4.51, multiplied by the average usage (5,000 average usage / 1,000 gallons), and adding the existing Commission approved tariffed base facility charge of \$14.51.

Initially, the proposed charge of \$37.06 would produce additional revenues of \$2,224 (\$37.06 charge x 5 homes x 12 months) annually. In the future, the proposed charge would produce additional revenues of \$8,894 (\$37.06 charge x 20 homes x 12 months) annually.

For these reasons, we believe the requested residential wastewater flat rate of \$37.06 is a reasonable charge. SMSI's request for a new class of service for residential wastewater shall be approved. The utility shall be allowed to continue collection of the wastewater rates currently being charged and the tariff sheets reflecting the new class of service shall become effective in accordance with Rule 25-30.475, Florida Administrative Code, for service rendered as of the stamped approval date on the tariff sheets provided the customers have received notice. The utility shall provide proof that the customers have received notice within 10 days of the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Service Management Systems, Inc. Request to establish a new class of service for residential wastewater only is hereby approved. It is further

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ORDERED that the tariff shall become effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that if a timely protest is filed within 21 days of the issuance date of the Order, the tariff shall remain in effect with all wastewater only charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 22nd day of April, 2002.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS

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 proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 13, 2002.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.