

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates in
Marion County by Sunshine Utilities of
Central Florida, Inc.

DOCKET NO. 100048-WU
ORDER NO. PSC-12-0396-PAA-WU
ISSUED: August 1, 2012

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION ORDER CANCELLING SYSTEM CAPACITY
CHARGES AND APPROVING UNIFORM SERVICE AVAILABILITY CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Sunshine Utilities of Central Florida, Inc. (Sunshine or Utility) is a Class B utility providing water service in 23 certificated service areas in Marion County. The 23 systems are composed of 20 systems that are combined under a uniform rate structure (Unified Systems) and three stand-alone systems: Quail Run, Sandy Acres, and Ponderosa Pines. In the test year ended December 31, 2010, the Utility recorded total operating revenues of \$951,110. Sunshine reported a net operating loss for the test year of \$59,876. During the test year, 3,798 water customers received service from the Utility's 23 water systems.

Water rates were last established for the Unified Systems in a rate case initiated in 1990.¹ The Quail Run system was transferred to Sunshine in 2002, and rate base and rates were grandfathered in.² The Sandy Acres system was also transferred to Sunshine in 2002, and rates

¹ See Order No. 25722, issued February 13, 1992, in Docket No. 900386-WU, In re: Application for rate increase in Marion County by Sunshine Utilities of Central Florida, Inc.

² See Order No. PSC-02-1292-PAA-WU, issued September 23, 2002, in Docket No. 020256-WU, In re: Application for transfer of Certificate No. 380-W from A. P. Utilities, Inc. in Marion County to Sunshine Utilities of Central Florida, Inc., holder of Certificate No. 363-W, for amendment of Certificate No. 363-W, and for cancellation of Certificate No. 380-W.

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were grandfathered in, and rate base was established as a result of the transfer.³ The Ponderosa Pines system was transferred to Sunshine in 2003, rates were grandfathered in, and rate base was established as zero because the water facilities were contributed by the customers.⁴

On June 1, 2011, Sunshine filed its application for a rate increase at issue in the instant docket. On June 14, 2012, the Utility waived the statutory time frame to address its requested service availability charges through the July 17, 2012, Commission Conference. By Order No. PSC-12-0357-PAA-WU, issued July 10, 2012, we approved in part the Utility's application with the exception of Sunshine's requested uniform service availability charges. This Order addresses the Utility's requested service availability charges. We have jurisdiction pursuant to Sections 367.081, 367.082, and 367.091, Florida Statutes (F.S.).

Service Availability Charges

According to its current tariff, the Utility has the following authorized service availability charges: (1) system capacity charges of \$420 for residential-per ERC and \$1.20 for others per gallon per day (gpd) for its Unified Systems; (2) meter installation charges of \$100 and \$150 for its Unified Systems and Sandy Acres system, respectively; and (3) a customer connection tap-in charge of \$500 for its Unified Systems and Ponderosa Pines system.

System Capacity Charges

In its filing, Sunshine requested uniform system capacity charges of \$480 for residential-per ERC and \$1.37 for others per gpd. Pursuant to Rule 25-30.580, F.A.C.:

A utility's service availability policy shall be designed in accordance with the following guidelines:

- (1) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity; and
- (2) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and sewage collection systems.

The Utility's total current net contributions-in-aid-of-construction (CIAC) ratio is approximately 80 percent, which is in excess of the 75 percent maximum amount of the contribution level

³ See Order No. PSC-02-1832-PAA-WU, issued December 20, 2002, in Docket No. 011632-WU, In re: Application for transfer of Certificate No. 364-W from Linadale Water Company in Marion County to Sunshine Utilities of Central Florida, Inc.

⁴ See Order No. PSC-03-1333-PAA-WU, issued November 24, 2003, in Docket No. 030340-WU, In re: Application for transfer of facilities of Community Water Co-Op, Inc., an exempt utility in Marion County, to Sunshine Utilities of Central Florida, Inc. (holder of Certificate No. 363-W); and for amendment of Certificate No. 363-W to add territory.

established by Rule 25-30.580(1), F.A.C. Therefore, Sunshine's current system capacity charge shall be discontinued.

Meter Installation Charges

Initially, in its filing, Sunshine requested a uniform meter installation charge of \$100 for a 5/8"x3/4" meter size. However, upon our staff's discussions with the Utility, it appeared that Sunshine's requested uniform meter installation charge was below the actual cost to install a 5/8"x3/4" meter. It was also discovered that the Utility failed to request meter installation charges for larger meter sizes. Upon our staff's request for cost justification for the Utility's revised request for these charges, Sunshine provided the itemized cost breakdowns for several meter sizes which are reflected in the tables below:

Table 1

Item	Cost for 5/8"x3/4" Meter	Cost for 1" Meter	Item	Cost for 1-1/2" Meter	Cost for 2" Meter
Meter	\$42.82	\$120.00	Meter	\$411.00	\$577.00
Meter Connectors	10.78	11.90	Flange Set	53.41	60.70
Washers	0.10	0.18	Gaskets	0.62	0.88
Labor	25.62	25.62	Nuts & Bolts	1.84	1.84
Workers Comp Ins	4.39	4.39	Labor	25.62	25.62
Truck Ins	3.49	3.49	Workers Comp Ins	4.39	4.39
Gas	23.22	23.22	Truck Ins	3.49	3.49
Payroll Taxes	2.33	2.33	Gas	23.22	23.22
UCT6 Taxes	0.39	0.39	Payroll Taxes	2.33	2.33
940 Taxes	<u>0.20</u>	<u>0.20</u>	UCT6 Taxes	0.39	0.39
Total Costs	\$113.34	\$191.72	940 Taxes	<u>0.20</u>	<u>0.20</u>
Requested Amount	\$115.00	\$195.00	Total Costs	\$526.51	\$700.06
			Requested Amount	\$530.00	\$700.00

Table 2

Item	Cost for 3" Meter	Item	Cost for 4" Meter	Cost for 6" Meter
Meter	\$937.00	Meter	\$1,825.00	\$3,285.00
Flanges	21.88	Mega Flange Kits	146.40	214.98
Flange Acc.	9.26	Labor	25.62	25.62
Labor	25.62	Workers Comp Ins	4.39	4.39
Workers Comp Ins	4.39	Truck Ins	3.49	3.49
Truck Ins	3.49	Gas	23.22	23.22
Gas	23.22	Payroll Taxes	2.33	2.33
Payroll Taxes	2.33	UCT6 Taxes	0.39	0.39
UCT6 Taxes	0.39	940 Taxes	<u>0.20</u>	<u>0.20</u>
940 Taxes	<u>0.20</u>	Total Costs	\$2,031.04	\$3,559.62
Total Costs	\$1,027.78	Requested Amount	\$2,035.00	\$3,560.00
Requested Amount	\$1,030.00			

Because the charges reflected in the tables above are cost based, the requested meter installations charges are approved.

Customer Connection Tap-in Charge

Initially, in its filing, Sunshine requested a uniform customer connection tap-in charge of \$500. However, based upon our staff's discussion with the Utility, Sunshine's requested uniform customer connection tap-in charge was below the actual cost for its customer connection tap-ins. Upon our staff's request for cost justification for the Utility's revised request of these charges, Sunshine provided the itemized cost breakdowns which are reflected in the tables below:

Table 3

Breakdown for Tap-In on Same Side of Road as Meter	
Item	Cost
Saddle	\$68.96
Corp Stop	59.36
15ft Poly	9.00
U-Branch	135.30
Inserts	4.52
Large Meter Box	78.18
3 Service men - 4hrs	153.72
Payroll Taxes	13.99
UCT6 Taxes	2.32
940 Taxes	1.23
Gas	81.29
Workers Comp	60.37
Truck Ins	47.94
County Permit	<u>30.75</u>
Total Costs	\$746.93
Requested Amount	\$750.00

Table 4

Breakdown for Tap-In on Opposite Side of Road as Meter	
Item	Cost
Saddle	\$68.96
Corp Stop	59.36
40ft Poly	24.00
U-Branch	135.30
Inserts	4.52
Large Meter Box	78.18
3 Service men - 4hrs	153.72
Payroll Taxes	13.99
UCT6 Taxes	2.32
940 Taxes	1.23
Gas	81.29
Workers Comp	60.37
Truck Ins	47.94
35ft Missile Shot	350.00
County Permit	<u>32.00</u>
Total Costs	\$1,113.18
Requested Amount	\$1,115.00

Because the charges reflected in the tables above are cost based, the requested customer connection tap-in charges are approved.

Summary

Based on the above, Sunshine's current system capacity charge shall be discontinued. In addition, because the Utility has demonstrated that its other requested charges are cost based, the following meter installation and customer connection tap-in charges are approved.

Table 5

Meter Installation Charges	
<u>Meter Size</u>	<u>Charge</u>
5/8"x3/4"	\$115
1"	\$195
1-1/2"	\$530
2"	\$700
3"	\$1,030
4"	\$2,035
6"	\$3,560
Customer Connection Tap-In Charges	
Same Side of Road	\$750
Opposite Side of Road	\$1,115

Further, the Utility shall file revised tariff sheets which are consistent with our decision. Our staff shall be given administrative authority to approve the revised tariff sheets upon verification

that the tariffs are consistent with our decision. Once the revised tariff sheets and customer notice are filed and approved, the revised service availability charges shall become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the current system capacity charges of Sunshine Utilities of Central Florida, Inc., shall be discontinued. It is further

ORDERED that the appropriate meter installation and customer connection tap-in charges shall be as set forth in the body of this Order. It is further

ORDERED that the Utility shall file revised tariff sheets which are consistent with our decision. It is further

ORDERED that once the revised tariff sheets and customer notice are filed and approved, the revised service availability charges shall become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed. It is further

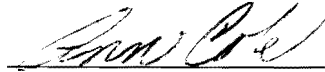
ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a Consummating Order will be issued. It is further

ORDERED that the docket shall remain open for our staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved, and that the interim refund has been completed and verified by staff. It is further

ORDERED that once these actions are complete, this docket shall be closed administratively, and the escrow account that was utilized to secure interim refunds, as addressed in Order No. PSC-12-0357-PAA-WU, shall be released.

By ORDER of the Florida Public Service Commission this 1st day of August, 2012.



ANN COLE
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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 that is available under Section 120.57, 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 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 action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file 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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 22, 2012.

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/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.