

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Revision of wastewater service
availability charges for Ni Florida in Pasco
County.

DOCKET NO. 20190075-SU
ORDER NO. PSC-2019-0223-PAA-SU
ISSUED: June 3, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING REVISION OF WASTEWATER
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

Ni Florida, LLC (Ni Florida or utility) is a Class A utility serving approximately 752 water connections in Lee County and 2,785 wastewater connections in Pasco County. The utility reported operating revenues of \$272,880 for water and \$237,778 for wastewater in its 2018 annual report.

As a result of an inquiry into Ni Florida's service availability charges, Commission staff discovered an error in the charges that were approved in the utility's last rate case.¹ Therefore, on March 29, 2019, staff established the instant docket to revise the utility's wastewater service availability charges. This order addresses revised wastewater service availability charges for Ni Florida. We have jurisdiction pursuant to Sections 367.091 and 367.101, Florida Statutes (F.S.).

¹ Order No. PSC-16-0525-PAA-WS, issued November 21, 2016, in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.*

Decision

Approving Revision of Wastewater Service Availability Charges

Pursuant to Section 367.101, F.S., we shall set just and reasonable charges and conditions for service availability. As mentioned above, Commission staff discovered an error in the development of the utility's existing wastewater service availability charges, which are a main extension charge of \$1,405 and a plant capacity charge of \$2,500. Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the rule, the maximum amount of contributions-in-aid-of construction (CIAC), net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at capacity. The minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems.

Main Extension Charge

The main extension charge is designed to allow customers to pay their pro rata share of the cost of the wastewater collection system, which is installed by the utility. In order to determine the appropriate main extension charge, the total cost in the Collection Sewers – Force (360), Collection Sewers – Gravity (361), and Services to Customers (363) plant accounts are added and divided by the design capacity of the lines. In developing the utility's existing main extension charge, we inadvertently did not include the Services to Customers (363) account of \$1,156,689 in the total cost of the wastewater collection system. By correcting the error, the cost of the wastewater collection system increases from \$5,339,566 to \$6,496,255. The lines have a design capacity of 3,800 ERCs. Based on the cost approved in the last rate case of the existing wastewater collection system, we find the main extension charge shall be revised to \$1,710 ($\$6,496,255/3,800$) per ERC for the wastewater system.

The main extension charge for wastewater approved herein is consistent with the guidelines in Rule 25-30.580, F.A.C., which require that, at a minimum, the cost of the utility's lines should be contributed. The approved main extension charge for wastewater will allow the utility to recover a portion of its investment in the wastewater collection system from future connections consistent with Rule 25-30.580(2), F.A.C.

Plant Capacity Charge

We reviewed the contribution level of the utility with the revised main extension charge at design capacity. We determined the contribution level would be approximately 67.15 percent at design capacity and within the guidelines of Rule 25-30.580, F.A.C. As a result of correcting the main extension charge, the existing plant capacity charge would cause the utility to be over contributed at design capacity. Therefore, the existing plant capacity charge shall be discontinued. The utility represented that it agrees with our revised calculations.

Conclusion

We find that Ni Florida's existing wastewater service availability charges shall be revised. A main extension charge of \$1,710 per ERC is hereby approved because it is reasonable and within the guidelines of Rule 25-30.580, F.A.C. The existing plant capacity charge shall be discontinued. The approved main extension charge shall be based on an estimated 173 gallons per day per ERC of treated wastewater demand. The utility shall file a revised tariff sheet and a proposed notice to reflect the Commission-approved main extension charge. Ni Florida shall provide the notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge shall be effective for connections made on or after the stamped approval date on the tariff sheet. The utility shall provide proof of noticing within 10 days of rendering the approved notice.

Requiring Refund of Service Availability Charges Collected in Excess of Revised Main Extension Charge

As discussed previously, Commission staff discovered an error in the development of the utility's existing main extension charge wherein we inadvertently did not include the plant account of Services to Customers (363) in the total cost of the wastewater collection system. We also designed a plant capacity charge based on the contribution level at that time. However, based on the contribution level with the revised main extension charge at design capacity, we are discontinuing the plant capacity charge and approving a main extension charge of \$1,710. As a result, the utility shall refund the service availability charges in excess of the revised main extension charge in order for customers to pay only their pro rata share of the wastewater collection system.

Although the utility's existing service availability charges are a main extension charge of \$1,405 and a plant capacity charge of \$2,500, the utility indicated that it only collected \$2,500 per ERC not including the CIAC gross-up tax. For this reason, the incremental difference between the \$2,500 and the revised main extension charge is \$790. Since January 2, 2017, the effective date of the existing service availability charges, the utility collected service availability charges from 17 customers (16 residential customers [16 ERCs] and 1 general service customer [5.3 ERCs]). Based on our calculation of what was collected from customers for service availability and the revised main extension charge approved herein, the utility collected a total of \$16,827 (residential \$12,640 + \$4,187 general service).² This amount does not include the approved CIAC gross up tax.³ Furthermore, the utility shall make refunds to any additional customers who paid excess service availability and have not been identified herein. Therefore, the utility shall refund those customers' service availability charges, including the CIAC gross-up tax, collected in excess of the revised main extension charge.

² $(16 \times \$790) + (5.3 \times \$790)$

³ Order No. PSC-2018-0269-TRF-WS, issued May 30, 2018, in Docket No. 20180100-WS, *In re: Application for approval of tariff for the gross-up of CIAC for water rates in Lee County and wastewater rates in Pasco County, by Ni Florida, LLC.*

Based on the above, Ni Florida shall refund service availability charges collected in excess of the revised service availability charges. The refund shall be made with interest in accordance with Rule 25-30.360, F.A.C. The utility shall file monthly reports on the status of the refund by the twentieth of the following month pursuant to Rule 25-30.311(7), F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Ni Florida, LLC's existing wastewater service availability charges are hereby revised. A main extension charge of \$1,710 per equivalent residential connection (ERC) is approved, and the existing plant capacity charge shall be discontinued. The approved main extension charge shall be based on an estimated 173 gallons per day per ERC of treated wastewater demand. It is further

ORDERED that the utility shall file a revised tariff sheet and a proposed notice to reflect the Commission-approved main extension charge. Ni Florida shall provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge shall be effective for connections made on or after the stamped approval date on the tariff sheet. The utility shall provide proof of noticing within 10 days of rendering the approved notice. It is further

ORDERED that Ni Florida shall refund service availability charges collected in excess of the revised main extension charge. The refund shall be made with interest in accordance with Rule 25-30.360, F.A.C. The utility shall file monthly reports on the status of the refund by the twentieth of the following month pursuant to Rule 25-30.311(7), F.A.C. 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 this docket shall remain open pending Commission staff's verification that the revised tariff sheet and notice have been filed by Ni Florida and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff shall remain in effect with the charge held subject to refund pending resolution of the protest. Also, the docket shall remain open to allow staff to verify that the utility has properly refunded the service availability charges collected in excess of the revised service availability charges. If no timely protest is filed, a consummating order shall be issued and, once staff verifies that the notice of the charge has been given to customers and the completion of the refund, the docket shall be administratively closed.

By ORDER of the Florida Public Service Commission this 3rd day of June, 2019.



ADAM J. TEITZMAN
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.

JSC

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 June 24, 2019.

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.