

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by GULF UTILITY)	DOCKET NO. 890110-SU
COMPANY for new class of service,)	ORDER NO. 21450
excess influent consumption charge in)	ISSUED: 6-26-89
Lee County.)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, CHAIRMAN
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER ESTABLISHING NEW CLASS OF SERVICE

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.

BACKGROUND

Gulf Utility Company (Gulf or the utility) provides service to approximately 4,600 water customers and 900 wastewater customers in Ft. Myers, Florida. The utility's last rate case, in Docket No. 880308-SU, involved wastewater only. We set final rates in that proceeding by Order No. 20272, issued on November 7, 1988.

On January 20, 1989, Gulf filed a tariff proposing a surcharge of \$3.69 per 1,000 gallons for all monthly wastewater flows which exceed the customer's water flows for master-metered wastewater customers. The proposed surcharge is in addition to the existing base facility charge and gallonage charge; it would not credit customers in those months in which the wastewater flows are less than the water flows. The utility currently bills for wastewater service based solely on water usage.

There are two customers in the utility's service area that will potentially be affected by the utility's proposed surcharge--Mariner's Cove and Coach Light Manor. They are both mobile home parks billed as general service wastewater customers because they are master-metered. Mariner's Cove is a mobile home development of 230 units. The Department of Environmental Regulation (DER) required the park to disconnect its package wastewater plant and to connect to Gulf's wastewater system. This interconnection was completed in June,

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1988. The development receives water from its own private water system. Coach Light Manor is a mobile home development with approximately 179 units. DER also required Coach Light Manor to disconnect its package wastewater plant and to connect to Gulf's wastewater system. That interconnection was completed in December, 1986. Coach Light Manor receives its water from Florida Cities Water Company.

Both of these developments are more than 20 years old. Gulf anticipated that the on-site collection systems would need repair and, therefore, required both mobile home parks to install wastewater flow meters prior to connecting to the utility's wastewater system. The flow meters are used to monitor infiltration which would result in additional, unnecessary demand on the utility's wastewater treatment plant. Based on invoices for the repairs of the collection system provided by the owner of Mariner's Cove, the park has apparently taken steps to replace and repair the on-site collection system which may resolve its problem of excess infiltration. Based on discussions of our Staff with representatives of Coach Light Manor, including the president of the association which owns the park, it appears that the park has made some repairs, but an infiltration problem continues to exist.

We have reviewed the water and wastewater meter readings for both parks and have found evidence that excessive infiltration does exist. Coach Light Manor, by its own readings, reported that 102% of its total water usage for 1988 was returned to the wastewater system, indicating an excessive infiltration problem. In six of those months, the wastewater flows exceeded the water usage. Our rate setting policy assumes that approximately 96% of the average water usage by general service customers will be returned to the wastewater system, and that 4% of the water will be used for irrigation and other uses which will not be returned to the wastewater system.

Customers of both parks have submitted comments proposing that the utility bill them for wastewater service based exclusively on the wastewater meter readings rather than based on water usage. They believe that they have been overcharged as a result of being billed based on water usage. However, the utility has correctly billed the two parks based on the approved tariff charge for general service wastewater customers.

We have studied the customers' proposal to be billed based on wastewater meter readings, although the customers did not propose any specific rate structure. We are particularly concerned about the reliability of the wastewater meter because we believe wastewater meters are less reliable than water meters. This is because there is a greater likelihood that a wastewater meter will stick or not register properly in periods of low flows. However, there is little possibility that the meter will run fast to the detriment of the customers. Billing based on wastewater flows will achieve the utility's goal in that, if infiltration does occur, the customer will pay for it. We certainly believe that customers should be given an incentive to be responsible for infiltration problems in their internal collection systems. Both the utility's proposed

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surcharge and the customers' proposal for billing based on wastewater flows are methods that would create such an incentive.

The utility currently has a gallonage charge for general service customers of \$3.54 per 1,000 gallons (96% of \$3.69). If the utility bills a customer based on wastewater flow, rather than water usage, then \$3.69 per 1000 gallons of influent would generate the same revenue as \$3.54 per 1,000 gallons of water usage. We do not find it appropriate to change the existing base facility charge.

Billing based on influent may result in the utility's generating additional revenues in those months in which infiltration occurs. The utility's application indicates a potential revenue increase of \$3,000 per year or an amount which corresponds to about one-half of 1% of the revenues last approved, in Docket No. 880308-SU. This modest increase, if realized, would be unlikely to cause the utility to exceed its last authorized rate of return of 10.42% on rate base.

The utility agrees that in periods where there is no infiltration, the base facility charge plus a gallonage charge of \$3.69 per 1000 gallons of influent should generate the same revenues as the existing rate structure. During periods of infiltration, that rate structure will result in the customers' paying for the additional demand the higher flows place on the wastewater treatment system. The utility's primary concern is the accuracy of the wastewater flow meter.

If the wastewater flow meter is to be the sole reading for billing purposes, its reliability is much more critical than if it were to be used on a comparison basis. The utility will be responsible for the maintenance and periodic calibration of the wastewater flow meters. The additional expense for periodic testing and calibration will offset a portion of the additional revenues which may be generated.

Based on the foregoing, we find it appropriate to establish a new class of service for Gulf for its general service, master-metered wastewater customers with wastewater flow meters. The utility's proposed charge of \$3.69 per 1,000 gallons of influent in excess of water usage is denied. However, a charge of \$3.69 per 1,000 gallons of influent for all wastewater flows, in addition to the existing base facility charge, is hereby approved.

The charge shall be effective for meter readings on or after 30 days from the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our verification that the tariff's are consistent with our decision and upon expiration of the protest period.

If a protest is not received within 21 days of issuance of this Order, it will become final and the docket may be closed.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that the excess influent consumption charge of \$3.69 per 1,000 gallons of influent in excess of water usage proposed by Gulf Utility Company is hereby denied. It is further

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ORDERED that there is hereby established a new class of service for master-metered, general service wastewater customers with wastewater flow meters for Gulf Utility Company in Lee County. It is further

ORDERED that Gulf Utility Company is hereby authorized to charge \$3.69 per 1,000 gallons of influent in addition to the existing base facility charge. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 17, 1989. It is further

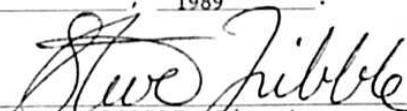
ORDERED that the new charge for influent established herein shall be effective for service rendered on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that in the event this Order becomes final, the utility shall notify each affected customer of the charge authorized herein and explain the reasons for this new rate. The form of such notice and explanation shall be submitted to the Commission for its prior approval. It is further

ORDERED that, after July 17, 1989, this Commission shall issue either a notice of further proceedings or an order acknowledging that the provisions of this Order have become final. It is further

ORDERED that, in the event no protest is timely received, and this Order becomes effective and final, and upon the utility's filing of revised tariff sheets and our approval of them, this docket shall be closed.

By ORDER of the Florida Public Service Commission,
this 26th day of JUNE, 1989.


STEVE TRIBBLE, 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 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this Order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 17, 1989. In the absence of such a petition, this Order shall become effective July 18, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent 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.

If this Order becomes final and effective on July 18, 1989, 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 sewer 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 effective date of this Order, 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.