

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

September 12, 1991

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF WATER AND WASTEWATER (VON FOSSEN) *RUF*  
DIVISION OF LEGAL SERVICES (CROSBY) *CF*

RE : UTILITY: C&H UTILITIES, INC. *z*  
DOCKET NO. 910600-WS *psd*  
COUNTY: HIGHLANDS  
CASE: APPLICATION FOR WATER CERTIFICATE

AGENDA : SEPTEMBER, 24, 1991 - CONTROVERSIAL - PARTIES MAY PARTICIPATE

CRITICAL DATES: OCTOBER 5, 1991 - STATUTORY DEADLINE FOR AN ORIGINAL CERTIFICATE

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CASE BACKGROUND

C&H Utilities Inc. (C&H) is a Class C water and wastewater utility. The utility presently holds sewer certificate number 423-S and is providing wastewater service to approximately 45 homes in the Valencia Acres Subdivision in Highlands County. Within this application, C&H is seeking an original water certificate for its water operation. C&H is presently providing service to 44 mobile homes within the Hickory Ridge Subdivision. The utility reported 1990 gross revenues of \$4,823 and a net operating income of \$1,987 for its water operation. Based upon its 1990 Annual Report, the sewer operation reported annual revenues of \$12,306 and \$2,411 in net operating income.

The water system began operation in 1988 under the ownership of the original developer who was not aware of this Commission's jurisdiction. In May of 1989, the water system was signed over to C&H without charge. Mr. Howard Short, President of the utility, indicates that he delayed filing for a water certificate until he was assured of having clear title to the plant site.

While the utility is in violation of Section 367.031, Florida Statutes for operating the water system without a certificate, staff is not recommending that a show cause proceeding be initiated. C&H has operated the water system since inception. Upon

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assuming ownership it continued the rates and charges implemented by the original owner without impact to the customers. Since the utility filed the application on its own initiative, cooperated with staff in completing the application and has continued a satisfactory quality of service while retaining the utility's original rates, we are not recommending any show cause proceedings.



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**ISSUE 1:** Should the application of C&H Utilities Inc. for a water certificate be granted?

**RECOMMENDATION:** Yes, C&H Utilities, Inc. should be granted Water Certificate No. 536-W to serve the territory described in Attachment A. (VON FOSSEN)

**STAFF ANALYSIS:** On May 16, 1991, C&H Utilities, Inc. filed its application for an original water certificate to provide service in Highlands County. The utility began operation in April, 1988. The developer was apparently able to receive construction and operating permits from the Department of Environmental Regulation without either a certificate or exemption from this Commission. As previously stated the original owner claims to have not been aware of this Commission's jurisdiction.

The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for original certificate for an existing utility currently charging for service. The application contains a check in the amount of \$150.00, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by rule 25-30.034(1)(e), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.034(1)(h), (i) and (j), Florida Administrative Code. A description of the territory requested by the applicant is appended to this memorandum as Attachment A.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers in the proposed territory. No objections to the notice of application have been received and the time for filing such has expired.

Mr. Short, President of the utility, has been in the utility business for approximately 15 years and is a certified water plant operator. He has successfully owned and operated the sewer system serving Valencia Acres since 1987 and has owned and operated the Hickory Ridge water system since 1989. Staff believes that he has shown his ability to operate and maintain the water system. Additionally, he is showing a profit on both his water and sewer operation.

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Staff has contacted the Department of Environmental Regulation and learned that there are no outstanding notices of violation regarding this utility.

Based on the above information, staff believes it is in the public interest to grant the application for an original certificate. Accordingly, staff recommends that C&H Utilities, Inc. be granted Water Certificate No. 536-W to serve the territory described in Attachment A.



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ATTACHMENT A

C&H UTILITIES INC.

TERRITORY DESCRIPTION

The following described lands located in Section 13, Township 35 South, Range 29 East, Highlands County, Florida:

Hickory Ridge Subdivision

The Southwest 1/4 of the Southeast 1/4 of Section 13, and the Southeast 1/4 of the Southeast 1/4, less that part lying North and East of the S.C.L. Railroad and the South 1/2 of the Southwest 1/4 of the Southeast 1/4.

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**ISSUE 2:** What rates and charges should be approved for this utility?

**RECOMMENDATION:** The existing rates and charges as detailed in the staff analysis should be approved. The effective date of the rates and charges should be the stamped approval date of the tariff. (Von Fossen)

**STAFF ANALYSIS:** The utility's present water rates and charges are as follows:

Residential Service- Monthly

Minimum charge- \$10.00 (includes 4,500 gallons)  
Gallorage charge- \$1.00 per 1000 gallons over 4,500

System Capacity Charge

\$500.00 per connection

These rates were implemented by the original owner in April, 1988 and were based upon rates being charged by other utilities in the area. The rates were not approved by any regulatory body. Staff believes the utility should continue charging these rates until they are changed in a rate proceeding.

The utility presently has lines in place for all 64 lots contained within the service area. Its Service Availability Policy is simply that all lots will be connected to the system upon payment of the \$500.00 charge.

The utility does not charge initial deposits or miscellaneous service charges. The utility has filed a tariff which reflects the above rates and charges. The effective date of the tariff should be the stamped approval date.

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**ISSUE 3:** Should the utility be required to pay regulatory assessment fees for 1990 and file a 1990 Annual Report with the Commission?

**RECOMMENDATION:** Yes, the utility should be required to remit regulatory assessment fees for 1990 and file a 1990 Annual Report within 45 days of the date of this order. (VON FOSSEN)

**STAFF ANALYSIS:** Pursuant to Rules 25-30.110(3) and 25-30.120(2), Florida Administrative Code, annual reports and regulatory assessment fees are due from regulated utilities regardless of whether a certificate has been granted. C&H Utilities Inc. has been subject to this Commission's jurisdiction since at least April, 1988. It has been Commission practice, when certificating an already existing utility, to require the submission of the previous year's annual report and regulatory assessment fees. Therefore, staff believes the utility should be required to file an annual report and remit regulatory assessment fees for 1990, its initial full year of ownership. Staff recommends the utility be given 45 days in which to file these items.



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**ISSUE 4:** Should this docket be closed?

**RECOMMENDATION:** Yes. (CROSBY)

**STAFF ANALYSIS:** No further action is required in this docket and it can be closed.

CH.RVF