

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

JANUARY 23, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (COKER, REDEMANN) *JTC 6/5/97*
DIVISION OF LEGAL SERVICES (REYES) *BRK JTB*

RE: DOCKET NO. 961232-WS - FLORIDANA HOMEOWNERS, INC. - *BRW*
APPLICATION FOR WATER CERTIFICATE NO. 586-W AND
WASTEWATER CERTIFICATE NO. 504-S UNDER GRANDFATHER
RIGHTS.
COUNTY: MANATEE

AGENDA: FEBRUARY 4, 1997 - REGULAR AGENDA - INTERESTED PERSONS
MAY PARTICIPATE

CRITICAL DATES:

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\961232WS.RCM

DOCUMENT NUMBER-DATE

00857 JAN 23 5

FPSC-RECORDS/REPORTING

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

CASE BACKGROUND

On October 10, 1995, the Manatee County Board of County Commissioners adopted Resolution No. R-95-109, pursuant to Section 367.171, Florida Statutes, declaring the privately owned water and wastewater utilities in Manatee County subject to the provisions of Chapter 367, Florida Statutes, effective October 10, 1995. The Florida Public Service Commission (PSC) received Manatee County's resolution on October 17, 1995. The effect of the resolution is to invoke Public Service Commission jurisdiction over privately owned water and wastewater systems in Manatee County. Pursuant to Section 367.031, Florida Statutes, all utilities subject to the Commission's jurisdiction must obtain either a certificate to provide water and wastewater service or an order recognizing the exempt status of the system.

Floridana Homeowners, Inc. (Floridana or utility) was established in 1978 to serve water and wastewater customers within the Floridana mobile home park and a park club house facility in Manatee County, Florida. Floridana obtains bulk water and wastewater service from Manatee County. The utility provides water service to 297 mobile homes as well as a park club house. Wastewater service is provided to 312 mobile homes as well as the park club house. Fifteen customers are served water directly by Manatee County. Floridana originally applied for an exemption as a non-profit association, but did not attain the necessary requirements for such an exemption. The utility was then delayed from filing for a grandfather certificate because a mandatory vote of the membership was required for a change of corporate status. This delay was due to a majority of the membership leaving the state of Florida for the summer months.

Pursuant to Section 367.171, Florida Statutes and Rule 25-30.035, Florida Administrative Code, on October 11, 1996, Floridana filed an application for a water and wastewater certificate of authority (grandfather certificate) to provide water and wastewater services in Manatee County.

Floridana has never been regulated by any governing authority. Therefore, no annual reports or related information are available. The utility will be categorized as a Class C utility in regard to Florida Public Service Commission standards.

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

ISSUE 1: Should the application of Floridana Homeowners, Inc. for Water Certificate No. 586-W and Wastewater Certificate No. 504-S be granted pursuant to Section 367.171, Florida Statutes and Rule 25-30.035, Florida Administrative Code?

RECOMMENDATION: Yes, Floridana Homeowners, Inc. should be granted Water Certificate No. 586-W and Wastewater Certificate No. 504-S pursuant to Section 367.171, Florida Statutes and Rule 25-30.035, Florida Administrative Code, to serve the territory described in Attachment A. (COKER, REDEMANN)

STAFF ANALYSIS: As stated earlier, on October 11, 1996, Floridana filed its application for a water and wastewater certificate of authority (grandfather certificate) to provide service in Manatee County. The application is in compliance with the governing statute, Section 367.171, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for a grandfather certificate. The statutes and rules do not require noticing for grandfather certificate applications. The application contains a check in the amount of \$1,000.00, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided a warranty deed as evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.035(6), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.035(9), (10), and (11), Florida Administrative Code. A description of the territory requested by the applicant is appended to this memorandum as Attachment A.

Based on the above information, staff recommends that the Commission approve Floridana Homeowners, Inc.'s application for a grandfather certificate. Accordingly, staff recommends that Floridana Homeowners, Inc. be granted Water Certificate No. 586-W and Wastewater Certificate No. 504-S to serve the territory described in Attachment A.

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

ATTACHMENT A

Floridana Homeowners, Inc.
Manatee County, Florida

Water Service Area

Area described within Township 35 South, Range 17 East, Section 11 situated in Manatee County, Florida;

The Point of Beginning (POB) being the Southeast corner of said Section 11,
run due West 1,310 feet more or less;
thence due North 1,340 feet more or less;
thence due East 1,310 feet more or less;
thence due South 1,340 feet more or less to the POB;

Less and except the following three parcels;
The POB being the Southeast corner of Said Section 11,
run due West 700 feet more or less;
thence due North 220 feet more or less;
thence due East 700 feet more or less;
thence due South 220 feet more or less to the POB;

From the Southeast corner of Said Section 11,
run due North 250 feet more or less;
run due West 50 feet more or less to the POB;
run due West 59.98 feet more or less;
thence due North 60 feet more or less;
thence due East 59.98 feet more or less;
thence due South 60 feet more or less to the POB;

From the Southeast corner of Said Section 11,
run due North 310 feet more or less;
run due West 250 feet more or less to the POB;
run due West 50 feet more or less;
thence due North 60 feet more or less;
thence due East 50 feet more or less;
thence due South 60 feet more or less to the POB;

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

Floridana Homeowners, Inc.
Manatee County, Florida

Wastewater Service Area

Area described within Township 35 South, Range 17 East, Section 11
situated in Manatee County, Florida;

The POB being the Southeast corner of said Section 11,
run due West 1,310 feet more or less;
thence due North 1,340 feet more or less;
thence due East 1,310 feet more or less;
thence due South 1,340 feet more or less to the POB;

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

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

RECOMMENDATION: The rates and charges as detailed in the staff analysis should be approved. The tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff. (REDEMANN, COKER)

STAFF ANALYSIS: Prior to PSC jurisdiction, Floridana was never regulated by any regulatory authority. The utility operated in Manatee County since 1978 without receiving a county franchise. Floridana serves two "classes" of customers, shareholders and non-shareholders. The shareholders are charged \$43.33 each month and the residents of the park who are not shareholders are charged a flat rate of \$50 a month. This charge includes water, wastewater, garbage collection and the use of the club house and facilities.

The expenses associated with providing utility service were not separately identified by Floridana. Therefore, it is necessary to determine what portion of the monthly charges are recovering the cost of water and wastewater service, and then to calculate rates. The Commission recently completed a staff assisted rate case on a similar utility in Manatee County, Heather Hills. Both Floridana and Heather Hills are master metered mobile home parks receiving bulk service from Manatee County and they also have comparable numbers of customers (Floridana-315, Heather Hills-353). One difference is that Floridana has 15 wastewater customers which are billed directly by the county. This situation will be discussed in more detail.

Because of these similarities, staff made the assumption that the operation and maintenance expenses of Floridana would be similar to those identified in the Heather Hills case. Based upon this assumption, staff used a ratio of the total bill paid by Heather Hills to Manatee County for each respective service, compared to the revenue requirement determined in the SARC. Staff then used the total bill paid by Floridana for each respective service to calculate the estimated revenue requirement for Floridana.

For example, from September, 1995 to August, 1996 the total water bill paid by Floridana to Manatee County was \$18,497.95. According to the SARC recommendation in Docket No. 960814-WS, Heather Hills paid \$19,133 to Manatee County for water service and received \$41,316 in total water revenue. This revenue included the regulatory assessment fees and all other costs needed to operate a water utility. The total water revenue required by Floridana is calculated below.

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

$$\text{Heather Hills} - \frac{\$19,133}{\$41,316} = \frac{\$18,497.95}{X} - \text{Floridana}$$

X = \$39,944.66 = Revenue Required for the Water System by Floridana

There are 312 mobile homes in the park and one club house. Fifteen customers receive water directly from Manatee County. Therefore, there are a total of 298 water customers. Dividing the total revenue of \$39,944.66 by 12 months and 298 customers a flat monthly charge of \$11.17 per customer per month is obtained. The customers do not have individual water meters at this time, so a base facility charge and gallonage rate cannot be calculated at this time.

A similar calculation was performed to develop the wastewater rates, from September, 1995 to August, 1996 the total wastewater bill paid by Floridana to Manatee County was \$42,852.49. According to the SARC recommendation, Heather Hills paid \$45,006 to Manatee County for wastewater service and needed \$61,596 in total wastewater revenue. This revenue included the regulatory assessment fees and all other costs needed to operate a wastewater utility. The total water revenue required by Floridana is calculated below.

$$\text{Heather Hills} - \frac{\$45,006}{\$61,596} = \frac{\$42,852.49}{X} - \text{Floridana}$$

X = \$58,648.67 = Revenue Required for the Wastewater System by Floridana

The customers do not have individual water meters, so a base facility charge and gallonage rate cannot be calculated at this time.

As mentioned earlier, there are 312 mobile homes in the park and one club house comprising a total of 313 wastewater customers. However, of these 313 customers, 15 receive water service directly from Manatee County and are billed directly by Manatee County. Therefore, these 15 customers are wastewater-only customers of Floridana.

Prior to the PSC receiving jurisdiction, Manatee County was also billing these 15 customers for wastewater service as well as water service. The staff investigated the utility system maps and discovered that the collection of these customers wastewater was through a gravity main owned by Floridana. Wastewater was then

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

transmitted via a force main to Manatee County. Therefore, it was appropriate for these 15 customers to be billed by Floridana for wastewater service. The staff contacted Manatee County concerning the issue of "double billing" these residents, and the County responded that it would reduce the charge for the residents to the bulk rate paid to the County by Floridana for wastewater treatment. In addition, the County agreed to reduce the wastewater bulk bill to Floridana by the 15 customers.

Staff believes the total wastewater charge for all Floridana residents should be equal. Therefore, staff calculated two monthly wastewater rates - one for the 298 residents who receive water and wastewater service directly from Floridana and one for the 15 customers who receive wastewater-only service from Floridana. This allows Floridana to collect the appropriate revenue requirement from all wastewater customers, and prevents the 15 customers from being "double-billed" for the same service (although they will continue to receive two bills).

Staff calculated a monthly wastewater rate of \$15.90 for the 298 residents who receive both water and wastewater service directly from Floridana. A monthly rate of \$10.02 was calculated for the 15 customers who are billed a wastewater base facility charge of \$5.88 by Manatee County. The \$10.02 represents payment to Floridana for the wastewater collection system within the park. This amount would raise the total payment of these 15 customers equal to that of the 298 customers who would be billed \$15.90 by Floridana. These rates provide the appropriate contribution to the utility without one class of customers (water and wastewater) subsidizing the other class (wastewater-only).

For informational purposes, staff has calculated sample bills for a residential customer using Floridana's rates and the county's rates. Under direct service from the county, a residential customer using 3,000, 6,000 and 9,000 gallons of water and wastewater would be billed monthly amounts of \$26.27, \$35.60 and \$45.14, respectively. A Floridana customer would be billed a flat monthly amount of \$26.78 for water and wastewater service.

In addition, Floridana has requested approval of miscellaneous service charges pursuant to Second Revised Staff Advisory Bulletin No. 13 and Rule 25-30.460, Florida Administrative Code. These miscellaneous service charges are standard throughout the water and wastewater industry in Florida. Prior to PSC regulation, Floridana did not charge customers a connection fee or other turn-on service charges.

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

Based on the prior calculations, the utility's rates and charges are identified below:

Monthly Service Rates

General Service and Residential Service - Water

Billing Period Monthly

Flat Rates

All customers \$11.17

Monthly Service Rates

General Service and Residential Service - Wastewater

Billing Period Monthly

Flat Rates

customers (298) \$15.90

customers * (15) \$10.02

*customers charged BFC by Manatee County

Miscellaneous Service Charges

Initial connection	\$10.00
Normal reconnection	\$10.00
Violation reconnection	\$15.00
Premises visit	\$ 5.00

The utility has filed a tariff which reflects the above rates and charges. Staff recommends that they should be approved as submitted. Staff further recommends that Florida should be required to continue to charge these rates and charges until authorized to change by the Commission. The tariff should be effective for service rendered or connections made on after the stamped approval date on the tariff sheets.

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

ISSUE 3: Should the utility be required to pay past due regulatory assessment fees for 1995 and file a 1995 Annual Report with the Commission?

RECOMMENDATION: Yes, the utility should be required to remit past due regulatory assessment fees and file a 1995 Annual Report for the portion of 1995 of which the utility was under Commission jurisdiction. These should be submitted within 45 days of the date of the order arising from this recommendation. (COKER)

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. Florida has been subject to this Commission's jurisdiction since October 1, 1995. The utility was advised of the Commission's jurisdiction and the utility's responsibility to obtain a certificate by a letter dated November 10, 1995. Therefore, Staff is recommending that Florida be required to remit past due regulatory assessment fees and file a 1995 Annual Report for the portion of 1995 of which the utility was under Commission jurisdiction. These should be submitted within 45 days of the date of the order arising from this recommendation.

DOCKET NO. 961232-WS
DATE: JANUARY 23, 1997

ISSUE 4: Should this docket be closed?

RECOMMENDATION: Yes, because no further action is necessary, this docket should be closed. (COKER, REYES)

STAFF ANALYSIS: Florida has successfully completed all requirements for a grandfather certificate. Since no further action is necessary, this docket should be closed.

