

Commissioners:

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DIVISION OF WATER & WASTEWATER
 CHARLES HILL
 DIRECTOR
 (904) 413-6900

ORIGINAL
 FILE COPY

Public Service Commission

April 23, 1997

Mr. Jim McCormack
 Sun Coast Utility
 9621 Shellie Road
 Jacksonville, Florida 32257

RE: Docket No. 970273-WU, Application for sale, assignment or transfer of Certificate No. 299-W from Duval Utility Company to Sun Coast Utility in Clay County

Dear Mr. McCormack:

Staff has reviewed the utility's application for transfer of a certificate and determined that it is deficient pursuant to Rule 25-30.037, Florida Administrative Code. The following deficiencies have been noted:

1. **Public Interest, Financial Ability, etc.** Rule 25-30.037(2)(j), Florida Administrative Code (F.A.C.), requires in part a statement indicating how the transfer is in the public interest, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters. The utility's application does not contain these three items. Please provide financial information for Sun Coast Utility such as a financial statement, balance sheet, income statement, etc., along with the remaining information required by the Rule.
2. **Proposed Rate Base.** Rule 25-30.037(2)(l), F.A.C., requires the proposed net book value of the system as of the date of the proposed transfer. Also, if rate base has been established by this Commission, the application should state the order number and date issued and identify all adjustments made to update this rate base to the date of transfer. According to our records, the Commission has never established rate base for Duval Utility Company. Order No. 9153 which was cited in the application did not establish rate base, it only granted the utility's original certificate. If possible, please provide the proposed net book value of the system as of the date of the transfer, including but not limited to utility plant in service, accumulated depreciation, contributions-in-aid-of-construction (CIAC), and accumulated amortization.
3. **Books and Records.** Rule 25-30.037(2)(n), F.A.C., requires if the books and records of the seller are not available for inspection by the Commission or are not adequate

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for purposes of establishing the net book value of the system, the buyer should provide a statement that a good faith, extensive effort has been made to obtain such books and records for inspection by the Commission and detailing the steps taken to obtain the books and records. Based on your statement in the application that the majority of the records were either destroyed or lost in storage at the utility's Tampa office, it is apparent that you did attempt to obtain the utility's books and records. For the purpose of the Rule, please describe what steps you took to obtain the books and records. Also, would it be possible for staff at the utility's Tampa office to continue searching for the records which are believed to still be in existence in storage?

4. **Tax Returns.** Rule 25-30.037(2)(o), F.A.C., requires a statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns. The application states that Mrs. Fredenhagen with Stokes & Company has the tax returns for the corporation. Please obtain copies of the tax returns, or explain what steps you took to obtain the forms and why you cannot get copies of them.
5. **Regulatory Assessment Fees.** Rule 25-30.037(2)(r), F.A.C., requires a statement regarding the disposition of any outstanding regulatory assessment fees, fines, or refunds owed. According to the application, no regulatory fees or fines are owed. However, according to our records, as of April 8, 1997, the Commission had not received a payment for the utility's 1996 regulatory assessment fees. Rule 25-30.120, F.A.C., sets forth the Commission's requirements regarding the payment of regulatory assessment fees. Subsection (2)(a) of that Rule states that regulatory assessment fees shall be filed with the Commission on or before March 31 for the preceding year ended December 31. I have attached a copy of the Rule for your information. Will the buyer or seller be responsible for payment of the 1996 regulatory assessment fees?

In addition to the above noted deficiencies, please provide the following additional information:

1. **Notice of Application.** Rule 25-30.030(8), F.A.C., requires a copy of the notice(s), a list of entities receiving the notice, and an affidavit(s) that notice was provided in accordance with the provisions in Rule 25-30.030(5,6,& 7.) The application states that these will be late-filed exhibits. Please provide this information as soon as it is available.
2. **Purchase Price.** Rule 25-30.037(2)(g)(1), F.A.C., requires a copy of the contract for sale including the purchase price and terms of payment. The application states that no monies changed hands during the transaction at this time. According to the Bill of Sale included in the application, the seller will receive \$10.00 plus 45% of the net proceeds from the sale of the utility if it is sold by the buyer. For clarification, are we correct to interpret this to mean that Sun Coast Utility paid no money to the seller

at closing and will not pay any money to the seller unless Sun Coast subsequently sells the utility to another buyer? If this is not correct, please explain the purchase price and terms of payment.

3. **Purchase Without Prior Commission Approval.** Section 367.071(1), Florida Statutes, states that no utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without determination and approval of the Commission that the proposed sale, assignment, or transfer is in the public interest and that the buyer, assignee, or transferee will fulfill the commitments, obligations, and representations of the utility. Subsection (2) of the Statute states that the Commission may impose a penalty pursuant to s. 367.161 when a transfer occurs prior to approval by the Commission. According to Section 367.161, Florida Statutes, the Commission may assess a fine of up to \$5,000 for each day that a utility has been in violation. I have attached Sections 367.071 and 367.161 for your review. Please explain why the utility was purchased without prior Commission approval?

4. **Proposed Tariff.** Rule 25-9.044(1), Florida Administrative Code, states that in cases of change of ownership or control of a utility which places the operation under a different or new utility...the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission). We have reviewed the tariff filed with the application and determined that there are several small discrepancies between the proposed tariff and Duval Utility Company's existing tariff on file with the Commission. Please clarify and/or provide the following items:
 - A. The proposed tariff includes rates for general service customers, however, the utility's current tariff does not. Because Commission policy is that water rates are the same for both residential and general service customers, it is acceptable to add the general service classification to the tariff. For informational purposes, does the utility currently serve or plan to serve any general service customers?
 - B. The proposed tariff shows the service rates on a quarterly basis, however, the utility's existing tariff shows rates broken down into monthly and quarterly rates. Does the utility bill any customers on a monthly basis?
 - C. The utility's current tariff contains a provision for the temporary discontinuance of service including a vacation rate. Specifically, customers who request to have their service temporarily disconnected will pay 50% of the minimum bill for water service during the months service is discontinued. The proposed tariff contained in the application does not contain this provision. However, because Duval Utility Company is using a minimum charge rate structure which includes the cost of 9,000 gallons of water usage in the minimum charge, we believe it is more appropriate to continue the utility's current vacation rate policy at this time. Otherwise, customers who have been temporarily disconnected will continue paying for water they are not using.

I have attached a copy of the utility's current tariff sheet containing the temporary discontinuance of service language for your reference. Please provide a revised tariff sheet containing this language or explain why you believe it should be eliminated from the tariff. For simplification, you may add the language to the end of the rules and regulation section of the proposed tariff, on or after Sheet No. 10.0.

For future reference, if the utility changes from the minimum charge rate structure to the base facility charge rate structure in a future rate proceeding, it should eliminate the vacation rate provision from its tariff at that time. Commission policy is that under the base facility charge rate structure, customers will continue to pay the full base facility charge when service is temporarily disconnected. The reason for this is that the base facility charge only includes the fixed costs of providing service. It does not include any costs for consumption. All of the customer's water consumption is charged based on a separate gallonage charge.

- D. The proposed tariff states that the company will pay interest on customer deposits in July. However, the utility's existing tariff states that interest will be paid in January. Commission policy is to allow utilities to choose the month in which they want to pay interest on customer deposits. However, for informational purposes, we need to know if this is a change from past utility practice. Was the utility paying interest in January or July prior to the sale? If interest was previously paid in January, please explain why you would like to change to July.
- E. The proposed tariff contains a normal reconnection fee of \$5.00. However, the utility's current tariff does not contain a normal reconnection fee, but does contain a violation reconnection charge of \$7.50 during business hours and \$10.00 after business hours.
1. Has the utility been charging a \$5.00 normal reconnection fee? If yes, when did the utility start assessing this charge?
 2. Has the utility been charging the \$7.50 or \$10.00 violation reconnection charges?
 3. Commission Staff Advisory Bulletin (SAB) No. 13, Second Revised, provides the standard miscellaneous service charges which the Commission approves for water and wastewater utilities. I have attached a copy for your reference. You may request that the utility's current miscellaneous service charges be replaced with the charges shown in SAB No. 13 as part of your transfer application.

If the proposed tariff does not accurately reflect the charges that the utility was charging prior to the sale, please submit a revised tariff sheet that reflects either

the correct charges or the charges shown in SAB No. 13 if you choose to request that the Commission approve those.

- F. The proposed tariff is missing the second page of the utility's service availability policy as shown in the utility's current tariff. I have attached the utility's entire service availability policy for your reference. Please provide an additional tariff sheet containing the second page of the service availability policy.

Please file an original and two copies of the revised tariff sheets, and an original and seven copies of the remaining information no later than August 4, 1997 with Ms. Blanca Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. Please feel free to call Richard Redemann at (904)413-6999 or me at (904)413-7015 if you have any questions.

Sincerely,



Martha A. Golden
Economic Analyst

/MAG

cc: Division of Water and Wastewater (Hill, Williams, Messer, Redemann) w/o atch.
Division of Legal Services (Jaber, Brubaker, Crosby) w/o atch.
Division of Records and Reporting

to a previous fiscal year unless authorized by the Commission.

(6) Each utility charging AFUDC shall include with its Annual Report to the Commission Schedules A and B identified in subsection (4) of this rule, as well as disclosure of the AFUDC rate it is currently charging.

(7) The Commission may, on its own motion, initiate a proceeding to revise a utility's AFUDC rate.

(8) Paragraphs (a) and (b) of subsection (1) shall not be effective for any utility until it implements final rates in a general rate case initiated after the effective date of this rule. The foregoing notwithstanding, those provisions will become effective for all utilities no later than January 1, 1989.

Specific Authority: 350.127(2), 367.121(1)(f), F.S.

Law Implemented: 350.115, 367.081(2), 367.121(1)(b), F.S.

History: New 8/11/86, Amended 12/7/87.

25-30.117 Accounting for Pension Costs.

Any utility that has an established defined benefit pension plan as defined by the Financial Accounting Standard's Board in the Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions (SFAS 87), dated December, 1985, shall account for these costs pursuant to SFAS 87 as it applies to business enterprises in general.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: New 11/30/93.

25-30.120 Regulatory Assessment Fees; Water and Wastewater Utilities.

(1) As applicable and as provided in s. 350.113, F.S., each utility shall remit a fee based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee. Each utility shall pay a regulatory assessment fee in the amount of 0.045 of its gross revenues derived from intrastate business. The gross revenues reported for regulatory assessment fee purposes must agree with the amount reported as operating revenue on Schedule F-3 of the Operating Statement in the company's Annual Report, filed in accordance with Rule 25-30.110, F.A.C. A minimum annual regulatory assessment fee of \$25 shall be imposed if there are no revenues or if revenues are insufficient to generate a minimum annual fee.

(2) The obligation to remit the regulatory assessment fees for any year shall apply to any utility which is subject to this Commission's jurisdiction on or before December 31 of that year or for any part of that year, whether or not the utility has actually applied for or been issued a certificate.

(a) Regulatory assessment fees shall be filed with the Commission on or before March 31 for the preceding year ended December 31. Commission Form PSC/WAW 10 (07/96) entitled "Water System Regulatory Assessment Fee Return" and Commission Form PSC/WAW 17 (07/96) entitled "Wastewater System Regulatory Assessment Fee Return" are incorporated into this rule by reference and may be obtained from the Commission's Division of Administration. The failure of a utility to receive a return form shall not excuse the utility from its obligation to timely remit the regulatory assessment fees.

(b) Regulatory assessment fees are considered paid on the date they are postmarked by the United States Postal Service or received and logged in by the Commission's Division of Administration in Tallahassee. Fees are considered timely paid if properly addressed, with sufficient postage and postmarked no later than the due date.

(3) If the due date falls on a Saturday, Sunday, or a legal holiday, the due date is extended to the next business day. If the fees are sent by registered mail, the date of the registration is the United States Postal Service's postmark date. If the fees are sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the United States Postal Service's postmark date. The postmarked certified mail receipt is evidence that the fees were delivered.

(4) Each utility shall have up to and including the due date in which to:

1. Remit the total amount of its fee or
 2. Remit an amount which the utility estimates is its full fee
- (5) Any utility that purchases water or wastewater treatment from another utility regulated by the Florida Public Service Commission is allowed to deduct the annual expense for purchased water or wastewater treatment from its gross operating revenues before calculating the amount of the regulatory assessment fees due.
- (6) A utility may request from the Division of Administration a 30-day extension of its due date for payment of regulatory assessment fees or for filing its return.
- (a) The request for extension must be written and accompanied by a statement of good cause.
 - (b) The request for extension must be received by the Division of Administration at least two weeks before the due date.
 - (c) Where a utility receives a 30-day extension of its due date pursuant to this rule, the utility shall remit a charge in addition to the regulatory assessment fee, set out in s. 350.113, F.S.
- (7) The delinquency of any amount due to the Commission from the utility pursuant to the provisions of s. 350.113, F.S., and this rule, begins with the first calendar day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.
- (a) Pursuant to s. 350.113, F.S., a penalty shall be assessed against any utility that fails to pay its regulatory assessment fee by March 31, in the following manner:
 1. Five percent of the fee if the failure is for not more than 30 days, with an additional five percent for each additional 30 days or fraction thereof during the time in which the failure continues, not to exceed a total penalty of 25 percent.
 2. The amount of interest to be charged is one percent for each thirty days or fraction thereof, not to exceed a total of 12 percent per annum.
 - (b) In addition to the penalties and interest otherwise provided, the Commission may impose an additional penalty upon a utility for failure to pay regulatory assessment fees in a timely manner in accordance with s. 367.161, F.S.
- (8) Any utility which requests and receives an extension of not more than 30 days or remits, by the due date, an estimated fee payment of at least 90 percent of the actual fee due shall not be charged interest or penalty on the balance due if paid within the extension period.
- (9) Any utility which fails to pay a penalty within 30 days after its assessment by the Commission shall be subject to interest applied to the penalty up to and including the date of payment of the penalty. Such interest shall be compounded monthly, based on the 30-day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.
- Specific Authority: 350.127(2), F.S.
 Law Implemented: 350.113, F.S.
 History: New 5/18/83, formerly 25-10.24, Amended 10/16/86, Transferred from 25-10.024 and Amended 11/9/86, Amended 2/8/90, 07/08/96.
- ~~25-30.125 System Maps and Records. Each utility shall maintain on file at its principal office located within the State, suitable maps, drawings and/or records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities.
 Specific Authority: 367.121, F.S.
 Law Implemented: 367.121, F.S.
 History: Amended 9/12/74, formerly 25-10.27, Transferred from 25-10.027 11/9/86.~~

25-30.130 Record of Complaints.

- (1) Each utility shall maintain a record of each signed, written complaint

Section 367.071: Sale, assignment, or transfer of certificate of authorization, facilities, or control.

- (1) No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest and that the buyer, assignee, or transferee will fulfill the commitments, obligations, and representations of the utility.
- (2) The commission may impose a penalty pursuant to s. 367.161 when a transfer occurs prior to approval by the commission. The transferor remains liable for any outstanding regulatory assessment fees, fines, or refunds of the utility.
- (3) An application for proposed sale, assignment, or transfer shall be accompanied by a fee as provided by s. 367.145. No fee is required to be paid by a governmental authority that is the buyer, assignee, or transferee.
- (4) An application shall be disposed of as provided in s. 367.045, except that:
 - (a) The sale of facilities, in whole or part, to a governmental authority shall be approved as a matter of right; however, the governmental authority shall, prior to taking any official action, obtain from the utility or commission with respect to the facilities to be sold the most recent available income and expense statement, balance sheet, and statement of rate base for regulatory purposes and contributions-in-aid-of-construction. Any request for rate relief pending before the commission at the time of sale is deemed to have been withdrawn. Interim rates, if previously approved by the commission, must be discontinued, and any money collected pursuant to interim rate relief must be refunded to the customers of the utility with interest.
 - (b) When paragraph (a) does not apply, the commission shall amend the certificate of authorization as necessary to reflect the change resulting from the sale, assignment, or transfer.
- (5) The commission by order may establish the rate base for a utility or its facilities or property when the commission approves a sale, assignment, or transfer thereof, except for any sale, assignment, or transfer to a governmental authority.

- (6) Any person, company, or organization that obtains ownership or control over any system, or part thereof, through foreclosure of a mortgage or other encumbrance, shall continue service without interruption and may not remove or dismantle any portion of the system previously dedicated to public use which would impair the ability to provide service, without the express approval of the commission. This provision may be enforced by an injunction issued by a court of competent jurisdiction.

History.
s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 9, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 7, 15, ch. 82-25; ss. 6, 26, 27, ch. 89-353; s. 2, ch. 90-166; s. 4, ch. 91-429.

Section 367.161: Penalties.

- (1) If any utility, by any authorized officer, agent, or employee, knowingly refuses to comply with, or willfully violates, any provision of this chapter or any lawful rule or order of the commission, such utility shall incur a penalty for each such offense of not more than \$5,000, to be fixed, imposed, and collected by the commission. However, any penalty assessed by the commission for a violation of s. 367.111(2) shall be reduced by any penalty assessed by any other state agency for the same violation. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the utility, enforceable by the commission as statutory liens under chapter 85. The proceeds from the enforcement of any such lien shall be deposited into the General Revenue Fund.
- (2) The commission has the power to impose upon any entity that is subject to its jurisdiction under this chapter and that is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the commission or any provision of this chapter a penalty for each offense of not more than \$5,000, which penalty shall be fixed, imposed, and collected by the commission; or the commission may, for any such violation, amend, suspend, or revoke any certificate of authorization issued by it. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the entity, enforceable by the commission as a statutory lien under chapter 85. The collected penalties shall be deposited into the General Revenue Fund unallocated.

History.

s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 21, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 6, 8, ch. 84-149; ss. 21, 26, 27, ch. 89-353; s. 4, ch. 91-429.

(CONTINUED FROM SHEET 11.0)

TO THE CUSTOMER'S PREMISES FOR NONPAYMENT OF THE WATER SERVICE CHARGES OR IF THE CHARGES FOR SEWER SERVICE ARE NOT SO PAID THE COMPANY MAY DISCONTINUE BOTH WATER SERVICE AND SEWER SERVICE TO THE CUSTOMER'S PREMISES FOR NONPAYMENT OF THE SEWER SERVICE CHARGE. THE COMPANY SHALL NOT RE-ESTABLISH OR RECONNECT SEWER SERVICE AND WATER SERVICE OR EITHER OF SUCH SERVICE CHARGES UNTIL SUCH TIME AS ALL SEWER SERVICE CHARGES AND WATER SERVICE CHARGES AND ALL OTHER EXPENSES OR CHARGES ESTABLISHED OR PROVIDED FOR BY THESE RULES AND REGULATIONS ARE PAID.

→ 18.0

TEMPORARY DISCONTINUANCE OF SERVICE (VACATION RATE) - UPON APPLICATION TO THE COMPANY BY THE CONSUMER FOR A TEMPORARY SHUT-OFF, BILLING FOR STAND-BY WATER SERVICE TO THE PREMISES SHALL BE AT FIFTY PERCENT (50%) OF THE MINIMUM BILL FOR WATER SERVICE FOR THE NUMBER OF WHOLE MONTHS THAT WATER SERVICE IS DISCONTINUED. PARTIAL MONTHS, WHEN SERVICE IS RESTORED OR INTERRUPTED, SHALL BE AT THE REGULAR RATE. "MONTH" SHALL MEAN THE NORMAL BILLING MONTH AND NOT CALENDAR MONTH.

IF SERVICE IS TERMINATED AND RESUMED AT THE SAME ADDRESS TO THE SAME CUSTOMER, WITHIN TWELVE (12) CALENDAR MONTHS FROM THE DATE OF TERMINATION, AN AMOUNT EQUAL TO THE VACATION RATE FOR THE PERIOD OF SERVICE TERMINATION WILL BE COLLECTED AS A CONDITION PRECEDENT TO RESTORATION OF SERVICE.

19.0

TAX CLAUSE - RATES AND/OR CHARGES MAY BE INCREASED OR A SURCHARGE ADDED IN THE AMOUNT OF THE APPLICABLE PROPORTIONATE PART OF ANY TAXES AND ASSESSMENTS IMPOSED BY ANY GOVERNMENTAL AUTHORITY IN EXCESS OF THOSE IN EFFECT AFTER THE APPROVAL OF THIS RULE WHICH ARE ASSESSED ON THE BASIS OF METERS OR CUSTOMERS OR THE PRICE OF OR REVENUES FROM WATER SOLD, NOT INCLUDING INCOME TAXES.

20.0

CHANGE OF OCCUPANCY - WHEN CHANGE OF OCCUPANCY TAKES PLACE ON ANY PREMISES SUPPLIED BY THE COMPANY WITH WATER SERVICE WRITTEN NOTICE THEREOF SHALL BE GIVEN AT THE OFFICE OF THE COMPANY NOT LESS THAN THREE (3) DAYS PRIOR TO THE DATE OF CHANGE BY THE OUTGOING CUSTOMER, WHO WILL BE HELD RESPONSIBLE FOR ALL WATER SERVICE USED ON SUCH PREMISES UNTIL SUCH WRITTEN NOTICE IS SO RECEIVED AND THE COMPANY HAS HAD REASONABLE TIME TO DISCONTINUE WATER SERVICE. HOWEVER, IF SUCH WRITTEN NOTICE HAS NOT BEEN RECEIVED, THE APPLICATION OF A SUCCEEDING OCCUPANT FOR WATER SERVICE WILL AUTOMATICALLY TERMINATE THE PRIOR ACCOUNT. CUSTOMER'S DEPOSIT MAY BE TRANSFERRED FROM ONE SERVICE LOCATION TO ANOTHER, IF BOTH LOCATIONS ARE SUPPLIED BY THE COMPANY. CONSUMER'S DEPOSIT MAY NOT BE TRANSFERRED FROM ONE NAME TO ANOTHER.

(CONTINUED TO SHEET No. 13.0)

E. CHESTER STOKES, JR.
PRESIDENT

FLORIDA PUBLIC SERVICE COMMISSION
STAFF ADVISORY BULLETIN NO. 13 ^{2nd} Revised

Page 1 of 4

ISSUE DATE: 1/11/88		EFFECTIVE DATE: 1/11/88	
SUBJECT MATTER: <u>Tariff Provisions for Miscellaneous Service Charges</u>			
RELATED SABs: <u>13-1st Revised which is repealed and replaced by this SAB</u>			
INDUSTRY APPLICABLE TO:		COMMISSION CONTACT:	
	DIVISION - BUREAU	TELEPHONE (904)	
<input type="checkbox"/> TELEPHONE	_____	_____	
<input type="checkbox"/> LOCAL	_____	_____	
<input type="checkbox"/> INTEREXCHANGE	_____	_____	
<input type="checkbox"/> ELECTRIC (IOU)	_____	_____	
<input type="checkbox"/> NATURAL GAS	_____	_____	
<input checked="" type="checkbox"/> WATER & SEWER	<u>Water and Sewer - Rates</u>	<u>488-8482</u>	
<input type="checkbox"/> CLASS A	_____	_____	
<input type="checkbox"/> CLASS B	_____	_____	
<input type="checkbox"/> CLASS C	_____	_____	
<input type="checkbox"/> MUNICIPAL ELECTRIC	_____	_____	
<input type="checkbox"/> ELECTRIC COOPERATIVE	_____	_____	

SUMMARY

Rule 25-30.345 Customer Service Charge of the Florida Administrative Code addresses service charges for discontinuance of water and/or sewer charges. Florida Statutes, Chapter 367.081, provides authority for the Florida Public Service Commission to approve the fixing and the changing of rates charged by utility companies under its jurisdiction. It is staff's opinion that charges should be contained in each utility's tariff for initial connections, normal reconnections, violation reconnections, and premises visit charges (if applicable).

This SAB defines the above four categories of miscellaneous service charges, delineates the costs typically recovered in each, contains an example of an approved level of charges, and provides guidance to the utilities as to the timing and procedures for including or revising tariff provisions for these items.

Approved by: William D. Talbott
 Deputy Executive Director/Technical

FLORIDA PUBLIC SERVICE COMMISSION
STAFF ADVISORY BULLETIN NO. 13 2ND REVISED
TARIFF PROVISIONS FOR MISCELLANEOUS SERVICE CHARGES

Utilities are urged to update their tariffs filed with the Florida Public Service Commission when management has determined that charges for the following categories of miscellaneous services are in order or that revisions of existing tariff provisions are required, but no later than during the utility's next rate case.

1. INITIAL CONNECTION - This charge would be levied for service initiation at a location where service did not exist previously.
2. NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.
3. VIOLATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.
4. PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

The following costs have been allowed to be recovered through the above service charges:

Initial Connection and Normal Reconnection

1. Office costs associated with recording and processing a customer request for service, including labor, computer services and postage.
2. Office costs associated with receiving, recording and processing the subsequent customer request for termination of service and final bill, including labor, computer services and postage.
3. Field costs associated with the inspection of a facility and connection of service including transportation, labor and meter reading expense.
4. Field costs associated with the disconnection of service including transportation, labor and meter reading expense.
5. Overhead costs indirectly related to a specific job including a portion of general office facilities and equipment, supervision, insurance and small miscellaneous expenses required to support service activities.

Violation Reconnection:

1. Office costs associated with recording and processing the notice for termination of service including labor, computer services and postage.
2. Office costs associated with receiving and processing payment of a delinquent bill and the violation reconnection charge and reinstating the account including labor and computer services.
3. Field costs associated with the disconnection of service including transportation, labor and meter reading expense.
4. Field costs associated with the subsequent reconnection of service after payment of bill, including transportation and labor.
5. Overhead costs indirectly related to a specific job including a portion of general office facilities and equipment, supervision, insurance and small miscellaneous expenses required to support service activities.

Premises Visit (in Lieu of Disconnection)

1. Office costs associated with recording and processing the notice for termination of service including labor, computer services and postage.
2. Office costs associated with receiving and processing payment of a delinquent bill and premises visit charge and reinstating the account, including labor and computer services.
3. Field costs associated with the collection of the delinquent bill and premises visit charge including transportation and labor.
4. Overhead costs indirectly related to a specific job including a portion of general office facilities and equipment, supervision, insurance and small miscellaneous expenses required to support service activities.

The Commission has approved the following levels of charges for the above services in recent cases:

<u>Type of Service</u>	<u>Water</u>	<u>Sewer</u>
Initial Connection	\$15	\$15
Normal Reconnection	\$15	\$15
Violation Reconnection	\$15	Actual Cost
Premises Visit	\$10	\$10

When both water and sewer services are provided, staff believes that only a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions.

Staff will not recommend to the Commission that a tariff charge of actual cost for a sewer only violation reconnection be approved unless the utility also files with the Commission for prior approval a breakdown of the actual components, the corresponding unit cost and typical man hours required for each component in the format provided:

<u>Component</u>	<u>Hourly Rate</u>	<u>Typical Time</u>
1. Clerical & Administrative Labor		
2. Labor to plug manhole		
3. Labor to plug company-owned cleanout		
4. Labor to dig up service to customer line		
5. Use of backhoe		
6. Labor to reinstate service		
7. Transportation costs (provide mileage and rate)		
8. Computer services		
9. Overhead		

(Other cost components, as appropriate, will also be considered.)

Also the tariff must contain a provision that the notice of discontinuance of service, which must be sent to the customer prior to disconnection as required by Rule 25-30.320, F.A.C., will contain an estimate of the costs involved in this activity.

A request for approval of a type or level of service charge different than those contained in this SAB must be accompanied by supporting cost justification as specified in the Water and Sewer Minimum Filing Requirements (MFRs), Schedule F-7. A tariff provision for the recovery of overtime when the customer requests that the service be performed after normal working hours may be approved by the Commission if requested by the utility and the additional costs are documented in the supporting cost justification.

NAME OF COMPANY Duval Utility Co.

(cont)

SERVICE AVAILABILITY POLICY

COMMERCIAL CUSTOMER-CONTRIBUTORS

Payment for the amount of treatment plant capacity required by requesting customer-contributor shall be determined by multiplying the number of commercial units by a proportionate amount of an equivalent residential unit; however, not less than the equivalent residential unit as set by the Public Service Commission or by actual measurement. Each commercial unit shall be gauged proportionately to the particular use characteristics of the commercial requesting customer-contributor.

METER INSTALLATION FEES

The utility shall have the right to approve, connect, install or set meters of such size as the utility may determine after consideration of water to be delivered to any and all connections served by the utility sytem.

The meter charge applies to customer service where the water service line has been extended to the customer's property line requiring only placement of necessary metering device.

Charges for all new service connections where the utility mains are existing in public right-of-way or easements adjacent to appliant's property but not extended to applicant's property line or service point shall be computed at a cost equal to actual cost of labor and material required for installation, including actual cost of pavement replacement in addition to meter charge.

E. Chester Stokes, Pres.

ITEM #	AUDIT OBJECTIVE OR QUESTION Add supplemental background for auditor	WORK PRIORITY
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ALL ITEMS CONSIDERED HIGH (H) PRIORITY

1. The rate base objectives per rate case audit guide of the DAFA audit manual should be used in auditing utility plant, accumulated depreciation, CIAC and accumulated amortization of CIAC. A working capital allowance need not be calculated.
2. Determine whether any assets on the seller's books are not being transferred, such as desk, computer equipment and vehicles, and exclude these items from the calculation of rate base.
3. Determine if there are any extraordinary circumstances surrounding the purchase. Current Commission policy is not to allow an acquisition adjustment up or down unless there are extraordinary circumstance justifying an acquisition adjustment. The burden of proof is on the utility.
4. Verify land ownership in the name of the current owner of the utility for the real property on which the utility plant is located.
5. Verify the existing rates, miscellaneous service charges, service availability charges, and customer deposits charged by the utility.

PRIORITY
CODES

H - HIGH PRIORITY - CRITICAL WORK NEEDED TO COMPLETE PROGRAM.
M - MIDDLE PRIORITY - REQUIRED FOR FULL CONSIDERATION OF PROGRAM.
L - LOW PRIORITY - WORK THAT CAN BE DEFERRED.