

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

DECEMBER 4, 1997

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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF WATER & WASTEWATER (GALLOWAY, RENDELL)
DIVISION OF LEGAL SERVICES (FERGUSON)

RE: UTILITY: BROADVIEW PARK WATER COMPANY
DOCKET NO: 971021-WU
COUNTY: BROWARD COUNTY
CASE: APPLICATION FOR A TARIFF MODIFICATION BY
BROADVIEW PARK WATER COMPANY REGARDING
MISCELLANEOUS SERVICE CHARGES IN BROWARD
COUNTY

AGENDA: DECEMBER 16, 1997 - REGULAR AGENDA - TARIFF FILING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: DECEMBER 16, 1997

SPECIAL INSTRUCTIONS: NONE

FILE NAME: I:\PSC\WAW\WP\971021-RCM

DOCUMENT NUMBER-DATE

12371 DEC-45

FPSC-RECORDS/REPORTING

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CASE BACKGROUND

Broadview Park Water Company (Broadview or utility) is a Class B utility that provides water service to approximately 1,800 water customers. In its 1996 Annual Report, the utility reported water revenues in the amount of \$631,902. The utility serves an area that has been designated by the South Florida Water Management District as a water use caution area.

On July 24, 1997, Broadview filed an application to modify its tariff. The utility seeks to update its charges for the "after hours" premise visit and the delinquent "turn off" charge. On September 12, 1997, staff informed the utility that the Staff Advisory Bulletin No. 13, 2nd revised, had been rescinded. After further discussion, the utility indicated to staff that it would like to withdraw its original application and to refile for revised miscellaneous service charges based on specific cost justification. By letter dated September 15, 1997, Broadview withdrew its proposed tariffs regarding these charges and requested that the docket remain open in order to file revised tariffs along with a cost justification.

By facsimile dated October 9, 1997, the utility provided cost justification for the proposed charges. On October 16, 1997, the utility filed with the Commission proposed revised tariffs along with a cost justification for the miscellaneous service charges.

Staff's recommendation addresses whether these miscellaneous service charges should be approved.

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ISSUE 1: Should the utility's tariff filed October 16, 1997 for proposed miscellaneous service charges be approved?

RECOMMENDATION: Yes. The tariffs filed October 16, 1997 should be approved as filed. The revised miscellaneous service charges should be implemented after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code. (GALLOWAY, FERGUSON)

STAFF ANALYSIS: Chapter 367.081, Florida Statutes, provides authority for the Commission to approve the fixing and the changing of rates charged by utility companies under its jurisdiction. More specific to this docket, Rule 25-30.345, Florida Administrative Code, addresses service charges for utilities. Pursuant to this rule, a utility may charge a reasonable fee to defray the cost of installing and removing facilities and materials. In addition, the utility may have other customer service charges in accordance with their approved tariff.

Miscellaneous service charges routinely were approved by the Commission in accordance with Staff Advisory Bulletin No. 13, 2nd Revised (SAB 13). Since January 11, 1988, when SAB 13 became effective, the miscellaneous service charges, for most utilities have remained the same. SAB 13 defined four categories of miscellaneous service charges, delineated the costs typically recovered in each category, contained an example of an approved level of charges, and provided guidance to utilities as to the procedures for including or revising tariff provisions for these items. According to SAB 13, the following charges were deemed appropriate:

<u>Type of Service</u>	<u>Water</u>
Initial Connection	\$ 15.00
Normal Reconnection	\$ 15.00
Violation Reconnection	\$ 15.00
Premises Visit	\$ 10.00

On March 27, 1997, all Staff Advisory Bulletins were rescinded by the Commission. However, Rule 25-30.460, Florida Administrative Code, defines in detail the four categories of miscellaneous service charges. In this case, staff believes that certain aspects of SAB 13 serve as a guide for categorizing, defining, and implementing miscellaneous service charges. According to SAB 13, when both water and wastewater services were provided, a single charge was appropriate unless circumstances beyond the control of the utility required multiple actions. Also, when a request for

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approval of a type or level of service charge different from those contained in SAB 13 was received, cost justification must accompany the request as specified in the Water and Wastewater Minimum Filing Requirements. Lastly, a tariff provision for the recovery of overtime costs when the customer requests that the service be performed after normal working hours could be approved if the additional costs were documented in the supporting cost justification.

In keeping with the four broad categories of miscellaneous service charges as set forth in Rule 25-30.460, Florida Administrative Code, and as set forth in the utility's tariff, the utility is proposing an "After Hours Premises Visit" charge and a change to the existing other charges. Further, the utility has provided cost justification as required by our rules. A comparison of the various charges is shown below.

<u>Type of Service</u>	<u>SAB 13 (Rescinded)</u>	<u>Utility's Current</u>	<u>Utility's Proposed</u>
Initial Connection	\$ 15.00	\$10.00	\$15.00
Normal Reconnection	\$ 15.00	\$10.00	\$15.00
Violation Reconnection	\$ 15.00	\$15.00	\$50.00
Premises Visit	\$ 10.00	\$ 7.50	\$10.00
After Hours Premises Visit			\$25.00

The utility's current miscellaneous service charges were effective on April 2, 1987. The charges have not been updated since 1987/1988. However, the underlying costs for any function that one could envision being required to provide the service (customer service representative taking order, data processing inputting information, field personnel reading meters, etc.) has increased since 1988. As demonstrated by the price index increase option provided to a jurisdictional utility, the Commission recognizes that general operating costs increase from year to year.

Pursuant to Order No. PSC-96-1320-FOF-WS, issued October 30 1996, staff was instructed by this Commission to review the situation which is believed to exist among water and wastewater utilities regarding miscellaneous service charges which have not been updated. With this direction, staff is currently undertaking the project. However, in the interim period until completion of this project, staff will continue to analyze each miscellaneous service charge issue on a case by case basis.

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Broadview has implemented a price index at least 5 times since its miscellaneous service charges were set in 1987. While Broadview's rates have increased, its miscellaneous service charges have remained the same. Yet, both service rates and miscellaneous service charges share similar costs regarding operation and maintenance expenses.

As stated earlier, the utility provided cost justification. Since the Commission rescinded SAB 13, proposed miscellaneous service charges are open to be reviewed by the Commission on a case by case basis with only prior Commission practice as a guide for acceptable charges. However, staff believes that if cost justification is provided, it is, as always, under the Commission's jurisdiction to decide what the appropriate charges should be for the various miscellaneous services provided by water and wastewater utilities.

Staff has verified with the utility the costs associated with each of these proposed charges. Staff believes that the costs are prudent and reasonable. The utility provided an extensive breakdown of each charge and the related costs. The utility included costs associated with the labor expense (meter reader and clerical) and with the transportation/vehicle expense. (See Attachment A)

Staff believes that the current miscellaneous service charges should be updated to reflect the costs associated with the service provided. Staff further believes that the utility's filing is reasonable and should be approved and the proposed charges be included as part of its tariff. Therefore, staff is recommending that the proposed tariff sheets filed October 16, 1997 should be approved as filed. Staff further recommends that the revised miscellaneous service charges should be implemented after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if Issue 1 is approved, this tariff should become effective in accordance with Rule 25-30.475 (2), Florida Administrative Code. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed. (FERGUSON, GALLOWAY)

STAFF ANALYSIS: If there are no timely objections to the tariffs, no further action will be required and the docket should be closed. In the event that a timely protest is filed, the tariff should remain in effect and the applicable revenues should be held subject to refund pending resolution of the protest. Further, in the event of such protest, staff will prepare an additional recommendation to address the appropriate security of such funds.

BROADVIEW PARK WATER COMPANY

1955 S.W. 50th AVENUE • FORT LAUDERDALE, FLORIDA 33317 • TELEPHONE 583-4223

CURRENT \$5.00 AFTER HOURS CHARGE

AFTER HOURS SERVICE CALL FOR DELINQUENT COLLECTION OR HOUSE VISIT

CURRENT CHARGE.....\$5.00
 METER READER/SERVICE MAN OVERTIME RATE.....\$18.75
 USE OF COMPANY VEHICLE, INSURANCE, FUEL AND
 ANSWERING SERVICE CHARGES.....+/- 15% \$3.50
 RELATED CLERICAL WORK THE FOLLOWING
 WORK DAY TO RECORD CHANGE.....\$4.00

REQUEST AND JUSTIFICATION FOR NEW "AFTER HOURS"
 SERVICE CHARGE..... \$25.00

CURRENT \$15.00 UNCOMPLICATED DELINQUENT TURN OFF/TURN ON CHARGETURN OFF:

CLERICAL CHARGES..... \$6.00 AVERAGE
 TWO MEN TO DO DELINQUENT TURN OFFS
 FOR SECURITY REASONS..... \$13.00 AVERAGE
 COST OF LOCKING BONNET AND LOCK..... \$2.00
 VEHICLE EXPENSE.....+/- 15% \$3.15 AVERAGE

REQUEST AND JUSTIFICATION FOR NEW DELINQUENT TURN OFF CHARGE.....\$25.00

TURN ON:

CLERICAL CHARGES\$6.00 AVERAGE
 TWO MEN TO DO DELINQUENT TURN ON
 FOR SECURITY REASONS..... \$13.00 AVERAGE
 VEHICLE EXPENSE.....+/- 15% \$3.15 AVERAGE

REQUEST AND JUSTIFICATION FOR NEW DELINQUENT TURN ON CHARGE.....\$25.00

REQUESTED TOTAL DELINQUENT LOCK OFF/TURN BACK ON\$50.00