



# Public Service Commission

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## -M-E-M-O-R-A-N-D-U-M-

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RECORDS AND REPORTING

**DATE:** SEPTEMBER 14, 2000

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

**FROM:** DIVISION OF ECONOMIC REGULATION (FITCH) *RF-C*  
DIVISION OF LEGAL SERVICES (CIBULA) *SMC. PJ* *no 198*

**RE:** DOCKET NO. 001140-WU - PETITION OF FLORIDA WATER SERVICES CORPORATION FOR APPROVAL OF MONTHLY BILLING TARIFFS FOR FORMER CUSTOMERS OF TANGERINE WATER COMPANY, INC.  
COUNTY: ORANGE

**AGENDA:** 9/26/00 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: OCTOBER 20, 2000  
8-MONTH STATUTORY DEADLINE: APRIL 21, 2001

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\001140.RCM

### CASE BACKGROUND

Tangerine Water Company, Inc. (Tangerine or utility) is a Class C water utility in Tangerine, Florida. The following was obtained from Tangerine's 1999 Annual Report:

Number of Customers	Operating Revenue	Operating Income/ (Loss)
231	\$50,988	(\$3,177)

Tangerine was granted Certificate No. 96-W by Order No. 5446, issued June 8, 1972, in Docket No. C-71559-W. On January 7, 2000, Tangerine and Florida Water Services Corporation (Florida Water) closed on an Agreement for the Purchase and Sale of the utility facilities (Agreement). Pursuant to Section 367.071(1), Florida

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Statutes, the Agreement was made subject to Commission approval. The resulting application for transfer was filed with the Commission on March 21, 2000.

By Order No. PSC-00-1515-PAA-WU, issued August 21, 2000, in Docket No. 000333-WU, the Commission approved Florida Water's application for approval of the transfer of Tangerine's water facilities to Florida Water. In approving the transfer, the Commission also established the rate base at the time of the transfer and the rates and charges for the former Tangerine customers. In approving the transfer, the Commission approved the continuation of the quarterly billing cycle that had been utilized by Tangerine.

On August 14, 2000, the Commission received an application for approval of monthly billing tariffs for the former customers of Tangerine. In its application, Florida Water stated that it had inadvertently omitted a request in its application for transfer to convert Tangerine Water customers to a monthly billing cycle, consistent with the manner in which Florida Water's other customers are billed. Florida Water also requested implementation of a private fire protection service tariff, to ensure availability of private fire protection rates if such service is requested and to remain consistent with Florida Water's other tariffs.

On August 21, 2000, the utility filed a notice withdrawing Original Tariff Sheets Nos. 90.51 and 90.53 and replacing them with revised Original Tariff Sheets Nos. 90.51 and 90.53. The Commission has the authority to consider this tariff filing under Section 367.091, Florida Statutes.

**ISSUE 1:** Should Florida Water's proposed tariff to change billing periods from a quarterly billing period to a monthly billing period be approved?

**RECOMMENDATION:** Yes, proposed Original Tariff Sheets Nos. 90.50 and 90.52, filed on August 14, 2000 and revised Original Tariff Sheets Nos. 90.51 and 90.53, filed on August 21, 2000, to change billing periods from a quarterly billing period to a monthly billing period, should be approved. The Commission should acknowledge the withdrawal of Original Tariff Sheets Nos. 90.51 and 90.53 filed on August 14, 2000. The tariff should become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. (FITCH)

**STAFF ANALYSIS:** On August 14, 2000, the Commission received a tariff filing by Florida Water to change billing periods from a quarterly billing period to a monthly billing period for the former customers of Tangerine pursuant to Section 367.091(4), Florida Statutes and Rule 25-9.004, Florida Administrative Code. On August 21, 2000, the utility filed a notice withdrawing Original Tariff Sheets Nos. 90.51 and 90.53 and replacing them with revised Original Tariff Sheets Nos. 90.51 and 90.53.

Monthly billing is a standard practice in the water and wastewater industry for Florida Water. The use of a monthly billing cycle for the former Tangerine customers would provide consistent monthly billing for all of Florida Water's customers and administrative efficiency for Florida Water. In Order No. PSC-99-1070-FOF-WS, issued May 25, 1999, in Docket No. 980214-WS, the Commission approved a billing period change from a quarterly cycle to a monthly cycle for United Water Florida, Inc.

The frequency of monthly billing versus quarterly billing gives customers more current price signals in regard to conservation issues. Customers can then use this information to adjust their consumption levels for the following month. In the quarterly billing cycle, this consumption data is not received until three months after the fact. Staff believes that by receiving the data monthly, customers are better able to adjust their consumption patterns.

Staff also believes that monthly meter reading and billing creates a more useful water usage history since there are twelve reading periods instead of four. This history can enable a more accurate estimated monthly bill whenever an actual meter reading cannot be obtained. In addition, meter readers will have the

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ability to find customer leaks, spot high water usage, stopped meters, etc, more readily because they will visit customer sites three times as often. This allows for the potential reduction in the number and severity of these kinds of customer problems. Additionally, monthly billing provides greater and more frequent customer communication with the utility.

In its tariff filing, Florida Water proposed new monthly rates based on one-third of the currently tariffed base facility charges and leaving the gallonage charge unchanged. Staff recommends that proposed Original Tariff Sheets Nos. 90.50 and 90.52 filed on August 14, 2000, and revised Original Tariff Sheets Nos. 90.51 and 90.53, filed on August 21, 2000, to change billing periods from a quarterly billing period to a monthly billing period should be approved. Staff also recommends that the Commission acknowledge the withdrawal of Original Tariff Sheets Nos. 90.51 and 90.53, filed on August 14, 2000. The tariff should become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice.

**ISSUE 2:** Should Florida Water be allowed to implement private fire protection rates, and if so, what are the appropriate rates?

**RECOMMENDATION:** Yes, the utility should be allowed to implement private fire protection rates. The private fire protection tariffed rates should be calculated and set equivalent to one-twelfth of the tariffed general service base facility charges in accordance with Rule 25-30.465, Florida Administrative Code. The tariff should become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. (FITCH)

**STAFF ANALYSIS:** Private fire protection service has not been historically utilized by the former Tangerine customers. As stated in its tariff filing, Florida Water's proposed tariffs have been filed in order to provide completeness of Florida Water's tariffed services for the former Tangerine customers, consistency with Florida Water's tariff filings for other service areas, and to ensure the availability of private fire protection rates if such service is requested in the former Tangerine service area.

Rule 25-30.465, Florida Administrative Code, states that:

The rate for private fire protection service shall be a charge based on the size of the connection rather than the number of fixtures connected. The rate shall be one-twelfth the current base facility charge of the utility's meter sizes, unless otherwise supported by the utility.

Staff recommends that the utility should be allowed to implement private fire protection rates. The private fire protection tariffed rates should be calculated and set equivalent to one-twelfth of the tariffed general service base facility charges in accordance with Rule 25-30.465, Florida Administrative Code. The tariff should become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice.

**ISSUE 3:** Should the docket be closed?

**RECOMMENDATION:** If Issues 1 and 2 are approved, these tariffs should become effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed, Florida Water should continue billing in accordance with its existing tariffs pending resolution of the protest, and the docket should remain open. If no timely protest is filed, this docket should be closed upon the issuance of a Consummating Order. (CIBULA, FITCH)

**STAFF ANALYSIS:** If Issues 1 and 2 are approved, these tariffs should become effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed, Florida Water should continue billing in accordance with its existing tariffs pending resolution of the protest, and the docket should remain open. If no timely protest is filed, this docket should be closed upon the issuance of a Consummating Order.