

State of Florida



Public Service Commission  
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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION CLERK

DATE: NOVEMBER 20, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (MERTA, RENDELL) <sup>SM</sup>  
OFFICE OF THE GENERAL COUNSEL (ECHTERNACHT) <sup>WNE</sup>

RE: DOCKET NO. 020388-WS - REQUEST FOR APPROVAL TO INCREASE METER INSTALLATION FEES TO CONFORM TO THE CURRENT COST IN LAKE COUNTY BY SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY.  
COUNTY: LAKE

AGENDA: 12/02/02 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 8-MONTH EFFECTIVE DATE: JANUARY 2, 2003

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\020388.RCM

CASE BACKGROUND

Sun Communities Finance, LLC d/b/a Water Oak Utility (Sun Communities or utility) is a Class C water and wastewater utility located in Lake County. The utility provides water service to approximately 821 residential customers and 29 general service customers and wastewater service to approximately 811 residential customers and 20 general service customers in Water Oak Country Club Estates, a mobile home community. The utility was granted Water Certificate No. 454-W and Wastewater Certificate No. 388-S pursuant to Order No. 16150, issued May 23, 1986, in Docket No. 850517-WS. The utility's rate base was last established pursuant to Order No. PSC-00-1301-CO-WS, issued July 19, 2000, in Docket No. 990243-WS. The utility's 2001 Annual Report shows annual operating revenues of \$118,071 and \$133,445, operating expenses of \$139,368

DOCUMENT NUMBER-DATE

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and \$190,666, and a net operating loss of (\$21,297) and (\$57,221) for water and wastewater, respectively.

On April 25, 2002, the utility filed an application to increase meter installation fees. By Order No. PSC-02-0905-PCO-WS, issued July 8, 2002, the Commission suspended the tariff filing pending further investigation. This recommendation addresses the requested meter installation increase.

The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should Sun Communities' proposed tariff sheets to increase meter installation fees to \$190 be approved as filed?

**RECOMMENDATION:** Yes. Second Revised Tariff Sheet Nos. 17.0, 24.0, 16.0, and 22.0, increasing Sun Communities' meter installation fees to \$190, should be approved as filed. The meter installation fee should become effective for connections made on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, if no protest is filed. (MERTA)

**STAFF ANALYSIS:** Order No. PSC-00-1301-CO-WS, issued July 19, 2000, in Docket No. 990243-WS, approved the current meter installation fee of \$100. Until recently, the utility was using a development company's maintenance personnel to install meters. The utility stated that given the growth in the area and the need to install irrigation meters when requested by customers, it has had to seek outside contractors for this task. Further, neither the utility nor the developer have the manpower on staff to install meters in a timely manner. According to the utility, demand for meter installations is very sporadic and meter installation activity is not sufficient for the utility nor the developer to justify hiring an additional part-time person to perform this function. In addition, the utility has indicated that the cost to hire a part-time person would be more expensive than contracting the work out on an as-needed basis. The utility estimates approximately 28 new meters will need to be set each year. The cost for a contractor to install 28 meters at \$190 each would be approximately \$5,320; the cost for a part-time person was estimated at \$12,000 annually. Further, the utility stated that its experience in hiring part-time people results in tremendous turnover and great difficulty in finding a qualified individual who is reliable and knowledgeable in performing the meter installation functions.

The utility filed a tariff request for approval to increase its meter installation fee from \$100 to \$190. Section 367.091(6), Florida Statutes, authorizes the utility to file an application to establish, increase, or change a rate or charge other than monthly rates or service availability charges. However, the application must be accompanied by cost justification. The utility sought bids from four plumbing companies for installation of meters; only one

of the plumbing companies responded. The utility provided the following proposal from Kiley and Sons, Inc.:

	<u>Cost Per Proposal</u>
METER & PARTS	\$65
TRANSPORTATION & USE OF TOOLS	\$15
LABOR	<u>\$110</u>
TOTAL	<u>\$190</u>

Staff reviewed the proposal and surveyed plumbing companies in the vicinity to determine whether the costs submitted were reasonable. Staff's survey confirmed the utility's difficulty in locating a company with a less expensive rate. Based on the survey, staff believes the proposal is reasonable.

The Commission approved meter installation fees of \$200 for Century Estates Utilities, Inc. by Order No. PSC-95-0187-FOF-WU, issued February 8, 1995, in Docket No. 940292-WU and for Wellaqua Company by Order No. PSC-95-0421-FOF-WU, issued March 28, 1995, in Docket No. 940340-WU. By Order No. PSC-98-1572-FOF-WS, issued November 23, 1998, in Docket No. 980307-WS, the Commission approved a meter installation fee of \$193 for Zellwood Station Coop, Inc. More recently, the Commission approved a meter installation fee of \$189 for The Woodlands of Lake Placid, L.P. by Order No. PSC-02-0250-PAA-WS, issued February 26, 2002, in Docket No. 990374-WS. Therefore, staff believes the \$190 meter installation fee requested by Sun Communities is reasonable and consistent with meter installation fees for other utilities.

Staff recommends that Second Revised Tariff Sheet Nos. 17.0, 24.0, 16.0, and 22.0, increasing Sun Communities' meter installation fees to \$190, be approved as filed. The meter installation fee should become effective for connections made on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, if no protest is filed.

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**ISSUE 2:** Should the docket be closed?

**RECOMMENDATION:** If Issue 1 is approved, the tariffs should become effective on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided customers have received notice. If a protest is filed within 21 days of the issuance of the Order, these tariffs should remain in effect with any increase held subject to refund 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. (ECHTERNACHT, MERTA)

**STAFF ANALYSIS:** If Issue 1 is approved, the tariffs should become effective on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided customers have received notice. If a protest is filed within 21 days of the issuance of the Order, these tariffs should remain in effect with any increase held subject to refund 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.