

State of Florida



Public Service Commission

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COMMISSION
CLERK

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DATE: September 8, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Revell, Rendell)
Office of the General Counsel (Vining)

Handwritten initials: M, J, A, V, N, R, J, D, J, B

RE: Docket No. 050228-SU – Request for approval of new class of service in Pinellas County by Ranch Mobile WWTP, Inc.
County: Pinellas

AGENDA: 09/20/05 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050228.RCM2.DOC

Case Background

Ranch Mobile WWTP, Inc. (WWTP or the utility) is a Class C utility which provides wastewater service to four customers, Ranch Mobile Inc. (Ranch Mobile), Down Yonder, and Twin Palms, which are mobile home parks, and a restaurant. The utility purchases wastewater treatment service from the City of Largo (City), and is billed by Pinellas County.

By Order No. PSC-05-0681-PAA-SU, issued June 20, 2005, the Commission approved WWTP's request for a new class of service. After the issuance of this order, the utility notified staff that it had learned of new information that affected the Commission-approved tariff rate and requested that the approved rate be modified. The purpose of this recommendation is to address the requested modification to the approved tariff rate. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

DOCUMENT NUMBER-DATE

08483 SEP-8 5

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Discussion of Issues

Issue 1: Should the utility's request to modify the approved rate be granted?

Recommendation: Yes. The utility's request should be granted, and the corrected tariff rate should be \$23.10. If the Commission approves the revised charge, the utility should file a revised tariff sheet which is consistent with the Commission's decision within 10 days after the vote. Staff recommends that it be given administrative authority to approve the revised tariff sheet upon staff's verification that the tariff is consistent with the Commission's decision. In addition, the utility should file a proposed customer notice to reflect the Commission-approved rate. The approved rate should be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.), after staff has verified that the proposed customer notice is adequate and this notice has been provided to the customer. The utility should provide proof that the only affected customer has received notice of the corrected tariff charge within 10 days after the date of the notice. (Revell)

Staff Analysis: By Order No. PSC-05-0287-PAA-SU, issued March 17, 2005, in Docket No. 040972-SU, In re: Application for rate increase in Pinellas County by Ranch Mobile WWTP, Inc., the utility was granted a 30.78% rate increase for phase one of a three-phase project to rehabilitate its wastewater collection lines. Shortly after the conclusion of that case, the utility notified staff that it had learned of a commercial customer that it had not been aware of during the rate case. WWTP requested that the Commission approve a new class of service for this customer.

This additional customer was a restaurant, Country Pizza Inn (CPI). The restaurant and Ranch Mobile had entered into an easement agreement in November 1996. The agreement stated that the easement shall be used only for the transmission of wastewater from the restaurant to Ranch Mobile's system.

Docket No. 050228-SU was opened on April 4, 2005, to address the utility's original request. In a data request related to that request, the utility was asked if wastewater service was being provided to CPI by any other entity such as the City or Pinellas County, and the size of the restaurant's water meter. The utility stated that wastewater service was not being provided by any other entity and that CPI had a one-inch meter. Based on the utility's response that no other entity was providing service, a meter factor of 2.5 for one-inch meters, and a monthly charge of \$26.08 for tenants in the Ranch Mobile park, staff recommended that a monthly flat rate of \$65.20 for the new class of service was appropriate. The Commission, by Order No. PSC-05-0681-PAA-SU, issued June 20, 2005, approved WWTP's request for a new class of service at staff's recommended rate. This PAA order was made final by Consummating Order No. PSC-05-0744-CO-SU, issued July 13, 2005.

On July 12, 2005, the day before the first consummating order was issued in this docket, Ranch Mobile notified staff that the restaurant was in fact being billed for wastewater treatment by the City of Largo. As a result, CPI is now paying both the utility and the City for wastewater treatment.

The restaurant is using WWTP's lines and as such, should be required to pay an amount which covers its share of the utility's revenue requirement. Staff believes, however, that the

recent tariff charge approved by the Commission should be reduced to remove the portion allocated to wastewater treatment since CPI is already being billed by the City for this service. After the removal of the wastewater treatment expense component of the revenue requirement for residents of Ranch Mobile, staff calculates that each resident of Ranch Mobile pays \$9.24 monthly to cover the remaining revenue requirement. Using a meter factor of 2.5 for one-inch meters, staff recommends that a monthly charge of \$23.10 for the restaurant is appropriate. This is a reduction of \$42.10 monthly for this class of service.

The utility's request should be granted, and the correct tariff rate should be \$23.10. If the Commission approves the revised charge, the utility should file a revised tariff sheet which is consistent with the Commission's decision within 10 days after the vote. Staff recommends that it be given administrative authority to approve the revised tariff sheet upon staff's verification that the tariff is consistent with the Commission's decision. In addition, the utility should file a proposed customer notice to reflect the Commission-approved rate. The approved rate should be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.), after staff has verified that the proposed customer notice is adequate and this notice has been provided to the customer. The utility should provide proof that the only effected customer has received notice of the corrected tariff charge within 10 days after the date of the notice.

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Issue 2: If a revised monthly charge is approved, should the utility be required to refund the difference in revenues collected between the originally approved charge and the revised charge?

Recommendation: Yes. The utility should be required to refund the difference between the originally approved charge of \$65.20 and the approved revised charge for each period that WWTP charges the higher rate. (Revell)

Staff Analysis: The utility began collecting the \$65.20 monthly charge for the August 2005 billing period beginning with the effective date of the tariff on August 1, 2005. Staff believes that the utility should be required to refund the difference between the original monthly charge and the revised charge for all billing periods between August 1, 2005, and the date that the new rate is effective.

The current \$65.20 monthly charge was approved based on incorrect information supplied to staff by the utility. Staff does not believe that Country Pizza Inn should be penalized, nor should WWTP benefit, because of the utility's mistake. Pursuant to Rule 25-30.360(2), F.A.C., this refund should be made within 90 days of the Commission's Order unless a different time frame is prescribed by the Commission. Also, pursuant to Rule 25-30.360(7), F.A.C., during the processing of the refund, the utility should provide staff with monthly reports on the status of the refund by the 20th of the following month, and a preliminary report should be made within 30 days of the completion of the refund. A final report should be made after all administrative aspects of the refund are completed.

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Issue 3: Should this docket be closed?

Recommendation: If no protest is filed within 21 days of the issuance of the Commission's Order, a consummating order will be issued. The docket should remain open to allow for staff's verification of the revised tariff sheet and the utility's compliance with the noticing requirements, and until the refund has been completed and verified by staff. If a protest is filed within 21 days of the issuance of the Commission's Order, the tariff should remain in effect with all revenues held subject to refund pending resolution of the protest. Once these actions are complete, this docket may be closed administratively. (Vining, Revell)

Staff Analysis: If no protest is filed within 21 days of the issuance of the Commission's Order, a consummating order will be issued. The docket should remain open to allow for staff's verification of the revised tariff sheet and the utility's compliance with the noticing requirements, and until the refund has been completed and verified by staff. If a protest is filed within 21 days of the issuance of the Commission's Order, the tariff should remain in effect with all revenues held subject to refund pending resolution of the protest. Once these actions are complete, this docket may be closed administratively.