

State of Florida



# Public Service Commission

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

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**DATE:** December 21, 2005

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

**FROM:** Division of Economic Regulation (Hudson) *SH*  
Office of the General Counsel (Brown) *MCB MCB JDS*

**RE:** Docket No. 050859-WU – Request by County-Wide Utility Company for approval of new customer classifications in tariff for two 1.5" meters and 6" fire line in Marion County.

**AGENDA:** 01/05/06 – Regular Agenda – Tariff Filing – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 01/08/06 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\050859.RCM.DOC

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### Case Background

County-Wide Utility Company (County-Wide or utility) is a Class C utility located in Marion County. The utility provides water service only. According to its 2004 Annual Report, the utility serves approximately 482 water customers. County-Wide reported revenues for 2004 of \$109,074 and an operating income of \$947.

On October 31, 2005, the utility began providing 1-1/2 inch meter service and private fire protection service to one customer. On November 9, 2005, the utility filed for approval of Third Revised Sheet No. 12.0 containing new customer classification for a 1-1/2 inch meter service and Original Sheet No. 12.1 for private fire protection service. The Commission has jurisdiction over this subject matter pursuant to Section 367.091, Florida Statutes.

DOCUMENT NUMBER-DATE

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### Discussion of Issues

**Issue 1:** Should the utility's proposed tariffs containing the service rates for the new class of service for a 1-1/2 inch meter and private fire protection be approved?

**Recommendation:** Yes, the utility's proposed service rates for the 1-1/2 inch meter and private fire protection should be approved. The utility should file a proposed customer notice to reflect the Commission-approved rates. The utility's Third Revised Sheet No. 12.0 and Original Sheet No. 12.1 should be approved as filed. The approved rates should be effective for service rendered on or after the stamped approval date of the tariffs, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff rates to all customers. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent. (Hudson)

**Staff Analysis:** The utility's proposed service rates for the 1-1/2 inch meter is calculated by using the 5/8" x 3/4" size meter as a foundation, and then applying the American Water Works Association's (AWWA's) meter equivalent factor as the usage characteristics on the foundation (5 times the 5/8" x 3/4" meter charge). The utility's proposed service rates for the private fire protection is one-twelfth of the product of the 5/8" x 3/4" meter and the AWWA meter equivalent of the fire line. Pursuant to Rule 25-30.465, Florida Administrative Code, the rate for private fire protection service shall be one-twelfth the current base facility charge of the utility's meter sizes, unless otherwise supported by the utility. Staff believes the utility's methodology is reasonable, and the utility's proposed service rates for the 1-1/2 inch meter and private fire protection are justified. Section 367.091(4), Florida Statutes, states that if any request for service of a utility shall be for a new class of service not previously approved, the utility may furnish the new class of service and fix and charge just, reasonable, and compensatory rates or charges therefor. The Commission may approve such other rates or charges for the new class of service which it finds are just, reasonable and compensatory.

Section 367.091(4), Florida Statutes, also states that a schedule of rates so fixed shall be filed with the Commission within 10 days after the service is furnished. The utility began providing the 1-1/2 inch meter and private fire protection to one customer on October 31, 2005. The Commission received the filing on November 9, 2005. The utility's filing is timely under the statute.

Pursuant to Rule 25-9.005, Florida Administrative Code, a utility that files a new or additional service classification or rate schedule must provide the estimated annual revenues to be derived from the service and the estimated number of customers to be served. The utility expects that the revenue derived from the 1-1/2 inch meter service and private fire protection for one customer will be \$250 per month, resulting in annual revenues of \$3,000. The utility has indicated that there may be three or four more customers over the next few years that may request these services.

Based on the above analysis, the utility should be authorized to charge for services already provided because the utility's filing meets the statutory requirements to do so. Therefore, staff recommends that the proposed service rates for the 1-1/2 inch meter service and

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private fire protection be approved. The utility should file a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the tariffs, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff rates to all customers. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent.

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**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If Issue 1 is approved, the tariff sheet should become effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the revenues held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order. (Brown)

**Staff Analysis:** If Issue 1 is approved, the tariff sheet should become effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with revenues held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order.