

State of Florida



Public Service Commission

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DATE: January 12, 2006

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

FROM: Division of Economic Regulation (Joyce, Rendell) *Joyce Rendell*
Office of the General Counsel (Jaeger) *Jaeger*

RE: Docket No. 050819-WU – Request to establish new class of service for RV park in Lee County, by Tamiami Village Water Company, Inc. *WU*

AGENDA: 01/24/06 – Regular Agenda - Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 06/12/05 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050819.RCM.DOC

Case Background

Tamiami Village Water Company, Inc. (Tamiami or utility) is a Class C utility in Lee County. The system serves approximately 785 water customers. This utility was formerly known as Tamiami Village Utility, Inc. and was acquired by Tamiami in 1995. The transfer was approved by Order No. PSC-95-1441-FOF-WU, issued November 28, 1995, in Docket No. 950015-WU, In re: Application for transfer of Certificate No. 388-W in Lee County from Tamiami Village Utility, Inc.; and for a limited proceedings to increase rates to recover increased operation and maintenance expenses as a result of pending transfer by Tamiami Village Water Company, Inc. According to its 2004 Annual Report, Tamiami recorded total gross revenues of \$183,499, resulting in a net loss of \$11,621.

By letter dated October 12, 2005, Tamiami filed for approval of a new class of service for a general service tariff. By Order No. PSC-05-1223-PCO-WU, issued December 15, 2005, the Commission suspended the proposed tariff filing. The purpose of this docket is to address the

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utility's request for a new general service tariff. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

Discussion of Issues

Issue 1: Should Tamiami's proposed tariff sheet be approved?

Recommendation: Yes, Tamiami's proposed charges for the general service customer should be approved as filed. The utility's Ninth Revised Tariff Sheet No. 16.1 should be effective for service rendered on or after staff's approval pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice and after staff verification that the proposed customer notice is adequate. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent. (Joyce)

Staff Analysis: Prior to October 1, 2002, the utility had a specific general service rate for RV Parks to which Lee County's Park Assessment applied. The tariff provided for a charge of \$1,048.23 for a 3" meter and \$2.93 per 1,000 gallons. However, on October 1, 2002, the utility signed an agreement with Lee County whereby the county would no longer apply an RV assessment. Therefore, that tariff no longer applied to the RV Park, and the utility began to charge the regular general service rate for a 3-inch meter on that date.

Section 367.091(6), Florida Statutes, states, "[a]n application to establish, increase, or change a rate or charge other than the monthly rates for service pursuant to s. 367.081 or service availability charges pursuant to s. 367.101 must be accompanied by a cost justification." The utility's requested tariff includes a base facility charge (BFC) for a general service customer with a 3-inch meter.

On October 11, 2005, the utility inspected the RV Park and found that 84 of the 244 RV spaces were being used on a permanent basis. These are spaces that have either permanent mobile homes or module homes and cannot be removed like a typical RV. The rate currently being charged for a regular general service 3-inch meter only allows for 15 Equivalent Residential Connections (ERCs). However, the RV Park has 84 permanent spaces and the remaining 160 spaces are 40% occupied for a total number of occupied spaces of 148. Because each space represents .8 of an ERC, the utility calculated that it was serving 118 ERCs, and only being paid for 15 ERCs. For this reason, the utility believes that the RV Park is being charged inappropriately and wants to begin to charge the RV Park according to the characteristics used in the tariff prior to October 1, 2002. The utility states that the additional revenue from this bulk user will benefit all customers and will be equitable because the RV Park is not currently being charged for the appropriate amount of ERCs. The utility also states that the increase in revenue will not cause it to exceed its last authorized rate of return.

The utility has requested a base facility charge of \$1,374.70 monthly for this 3-inch meter. The utility calculated this charge by multiplying 118 ERCs by the existing residential BFC of \$11.65 for all meter sizes.

Rule 25-30.055(1)(a), Florida Administrative Code, states, that unless the Commission determines that valid local statistical data should be used, ERCs for residential use for Mobile Homes should be .8 ERC per unit. The utility has calculated its BFC pursuant to this rule and staff believes the requested general service water charge proposed by the utility is reasonable.

Therefore, staff recommends that the utility's request should be approved. The utility's Ninth Revised Tariff Sheet No. 16.1 should be effective for service rendered on or after staff's

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approval pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice and after staff verification that the proposed customer notice is adequate. The utility should provide proof that the customers have received notice within 10 days after the date that notice was sent.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest occurs within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the increased revenues held subject to refund pending resolution of the protest, and the docket should remain open. (Joyce, Jaeger)

Staff Analysis: If no protest occurs within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the increased revenues held subject to refund pending resolution of the protest, and the docket should remain open.