

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

100396-WS
OCT 28 AM 9:25
COMMISSION CLERK

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

DATE: October 28, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Bruce Stallcup)
Office of the General Counsel (Sayler)

RE: Docket No. 100396-WS – Request for approval of increase in miscellaneous service charges by Heather Hills Estates Utilities, LLC.

AGENDA: 11/09/10 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/09/10 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100396.RCM.DOC

Case Background

Heather Hills Estates Utilities, LLC (Utility) is a Class C water and wastewater utility serving approximately 354 water and wastewater customers in Manatee County. On August 16, 2010 the Commission approved a transfer of certificates from Keith & Clara Starkey d/b/a Heather Hills Estates to Heather Hills Estates Utilities, LLC. The Utility's 2009 Annual Report indicates that the Utility's operating revenue was \$48,523 for the water system and \$73,774 for the wastewater system.

On September 10, 2010, the Utility filed an application for approval of an increase in miscellaneous service charges for its water and wastewater operations. In addition, the Utility requested new after-hour charges. The Commission has jurisdiction pursuant to Section 367.091 Florida Statutes (F.S.).

COMMUNICATIONS SECTION

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FPSC-COMMISSION CLERK

Discussion of Issues

Issue 1: Should the Commission approve the Utility's request to increase its miscellaneous service charges for its water and wastewater tariffs and its request for after hour charges?

Recommendation: Yes. The Commission should approve the Utility's request to increase its miscellaneous service charges for its water and wastewater operations and its request for after-hour charges. Within five working days of the issuance of the order, staff recommends that the Utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the Utility may choose to either mail the notice separately to customers or insert it with the next billing cycle. Within five days after the notice is given, the Utility should be required to file an affidavit affirming that the notice has been given to customers of the approved charges. The tariff sheets containing the approved miscellaneous service charges and the after hour charges should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). (Bruce)

Staff Analysis: Pursuant to Rule 25-30.460, F.A.C., all water and wastewater utilities may apply for miscellaneous service charges. These charges include initial connections, normal connections, violation connections, and premises visit charges. Furthermore, pursuant to Rule 25-30.460(2), F.A.C., a utility may request an additional charge (after hours charge) for overtime when the customer requests that the service be performed after normal working hours. The after-hours charge may be at the same rate specified for the existing charge during normal working hours. If the utility seeks a charge other than the normal working hours charge, the utility must file cost support. The Utility's request to increase its miscellaneous service charges and add after-hour charges was accompanied by its reasons for requesting the changes, as well as the cost justification required by Section 367.091, F.S.

The Utility's current miscellaneous service charges were approved in Order No. PSC-0434-FOF-WS issued on March 28, 1996.¹ The miscellaneous service charges have not been updated since that time. The Utility has indicated that the cost for fuel and labor has risen substantially over the years. In addition, the Utility has indicated that the frequency of calls from customers have increased during after hours. Therefore, the Utility believes it is necessary to increase its miscellaneous service charges and implement after-hour charges to cover the cost of time spent during after hours. The Utility's cost estimates for the current and proposed charges for initial connection, normal reconnection, violation, and premises visits provided by the Utility are shown on the following page.

¹ Docket No. 951533-WS, In re: Application for certificates to provide water and wastewater service in Manatee County by Keith & Clara Starkey d/b/a Heather Hills Estates

During Business Hours	Cost		After Hours	Cost
Initial Connection and Normal Reconnection Labor (\$28.00/hr. x .7 hr.)	\$19.60		Initial Connection and Normal Reconnection Labor (\$42.00/hr. x .8 hr.) ²	\$33.60
Transportation	\$ 6.00		Transportation	\$ 6.00
Total	\$25.60		Total	\$39.60

The Utility's current charge for the initial connection and normal reconnection is \$10.00. The Utility is requesting to increase this charge to \$26.00 during normal working hours, and \$40.00 after normal working hours.

During Business Hours	Cost		After Hours	Cost
Violation Reconnection Labor (\$28.00/hr. x .5 hr)	\$14.00		Violation Reconnection Labor (\$42.00/hr. x .6 hr)	\$25.20
Transportation	\$ 6.00		Transportation	\$ 6.00
Additional Administrative time Labor (\$28.00/hr. x .4 hr)	\$11.20		Additional Administrative time Labor (\$28.00/hr. x .4 hr)	\$11.20
Total	\$31.20		Total	\$42.40

The Utility's current charge for the violation reconnection charge is \$15.00. The Utility is requesting to increase this charge to \$31.00 during normal working hours, and \$42.00 after normal working hours.

² Represents time-and-a-half wage and the additional time it takes an employee to get to the customer's property after hours.

During Business Hours	Cost		After Hours	Cost
Premises Visit			Premises Visit	
Labor (\$28.00/hr. x .3 hr)	\$ 8.40		Labor (\$42.00 hr. x .5 hr)	\$21.00
Transportation	\$ 6.00		Transportation	\$ 6.00
Total	\$14.40		Total	\$27.00

The Utility's current charge for a premises visit charge is \$5.00. The Utility is requesting to increase this charge to \$14.00 during normal working hours, and \$27.00 after normal working hours.

The Utility's proposed miscellaneous service charges are based on the hourly rate of the Utility's employee and contractor. The Utility will be charging miscellaneous service charges when a customer requests the service or is responsible for the service. Also, the miscellaneous service charges are to place the burden of the charges on the cost-causer rather than the general body of ratepayers.

Staff believes the increased charges are cost-based, reasonable, and consistent with fees the Commission has approved for other utilities.³ Based on the above, staff recommends that the Utility's proposed miscellaneous service charges be approved so that the Utility is able to recover the current costs of performing these services. Within five working days of the issuance of the order, staff recommends that the Utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the Utility may choose to either mail the notice separately to customers or insert it with the next billing cycle. Within five days after the notice is given, the Utility should be required to file an affidavit affirming that the notice has been given to customers of the approved charges. The tariff sheet containing the approved miscellaneous service charges and the after hour charges should become effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C.

³ See Order Nos. PSC-10-0168-PAA-WU, issued March 23, 2010, in Docket No. 090182-SU, In re: Application for increase in wastewater rates in Pasco County by Ni Florida, LLC.; and PSC-09-0752-PAA-WU, issued November 16, 2009, in Docket No. 090185-WU, In re: Application for grandfather certificate to operate water utility in St. Johns County by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. The revised tariff sheets should become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, F.A.C. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with all increased charges held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the change in miscellaneous service charges and after hour charges has been given to customers, the docket should be administratively closed. (Sayler, Bruce)

Staff Analysis: If Issue 1 is approved, the docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. The revised tariff sheets should become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, F.A.C. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with all increased charges held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the change in miscellaneous service charges and after hour charges has been given to customers, the docket should be administratively closed.