

State of Florida



Public Service Commission

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

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

DATE: November 16, 2010

TO: Office of Commission Clerk (Cole)

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

RE: Docket No. 100381-WS – Request for approval of tariff amendment to include a late payment fee of \$5.25 and establish miscellaneous service charges associated with connection, reconnection, and premises visits for its wastewater operation in Orange County by Pluris Wedgefield, Inc.

AGENDA: 11/30/10 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative
11-ac

CRITICAL DATES: 06/24/10 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100381.RCM.DOC

Case Background

Pluris Wedgefield, Inc. (Pluris Wedgefield or Utility) is a Class A water and wastewater Utility serving approximately 1,569 water and 1,544 wastewater customers in Orange County. Pluris Wedgefield purchased the Utility in September of 2009 from Wedgefield Utility, Inc. The Utility's 2009 Annual Report indicates that the Utility's operating revenue is \$102,167 and \$70,997 for water and wastewater, respectively which reflect three months of ownership. The Utility is located in the St. Johns River Management District (SJRWMD).

On August 24, 2010, the Utility filed an application for approval of a late payment fee for its water and wastewater operations. Furthermore, the Utility requested approval of

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miscellaneous service charges associated with connections, reconnections, and premises visits for its wastewater operation. However, in Order No. PSC-10-0658-PCO-WS, issued November 1, 2010, the Commission suspended the Utility's tariff filing pending further clarification.

On September 14, 2010, staff sent a data request to Pluris Wedgefield to obtain further clarification regarding its application. The Utility responded to this data request on September 23, 2010.

This recommendation addresses Pluris Wedgefield's request to implement a late payment fee for its water and wastewater operations, as well as, the Utility's requested approval of miscellaneous service charges associated with connections, reconnections, and premises visits for its wastewater operation. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve Pluris Wedgefield, Inc.'s proposed tariffs to establish miscellaneous service charges associated with connection, reconnections, and premises visits for its wastewater operation?

Recommendation: Yes. The Commission should approve the Utility's proposed tariffs to establish a late payment fee for its water and wastewater operations and miscellaneous service charges associated with connection, reconnections, and premises visits for its wastewater operation. Within five working days of the issuance of the order, staff recommends that the Utility 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 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 reconnections, violation connections, and premises visit charges. Currently, the Utility is only charging miscellaneous service charges for its water operation. These charges were approved in Order No. PSC-08-0827-PAA-WS issued on December 22, 2008 in Docket No. 070694-WS. Furthermore, Order No. PSC-09-0610-FOF-WS issued September 8, 2009 authorized the Utility to continue the same rates and charges when the Utility transferred its assets and certificates from Wedgefield Utilities, Inc. to Pluris Wedgefield, Inc. The previous owners did not have a wastewater tariff for miscellaneous service charges. The Utility has indicated that it simply proceeded with the tariffs that were already in place when it acquired the system. For this reason, the Utility has not performed or charged any of its wastewater customers for any of the miscellaneous services.

On the following page, as required by Section 367.091, F.S., Pluris Wedgefield, Inc. provided a cost justification for its requested miscellaneous charges for its wastewater operation. The Utility is proposing that the expenses associated with connections, reconnections, and premises visits during business and after hours is \$21.00 and \$42.00, respectively.

MISCELLANEOUS SERVICE CHARGES

| <u>During Business Hours</u> | | <u>After Hours</u> | |
|---------------------------------|----------------|--|----------------|
| Item: | Cost: | Item: | Cost: |
| Labor (\$23.00/hr. X 0.6 hours) | \$13.80 | Labor (\$23/hr. X 1.5 X 1 hour) ¹ | \$34.50 |
| Transportation | <u>7.00</u> | Transportation | <u>7.00</u> |
| Total | <u>\$20.80</u> | Total | <u>\$41.50</u> |

As indicated above, the Utility's proposed miscellaneous service charges are based on the hourly rate of the contractor and transportation costs. Staff believes the proposed charges are cost-based, reasonable, and consistent with fees the Commission has approved for other utilities.² Furthermore, the Commission approved similar cost estimates and miscellaneous service charges for the Utility's water system by Order No. PSC-08-0827-PAA-WS, issued December 22, 2008. 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 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 should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C.

¹ Represents time-and-a-half wage and the longer time it takes an employee to get to the customer's property after hours.

² See Order Nos. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.; and PSC-08-0812-PAA-WS, issued December 16, 2008, in Docket No. 070695-WS, In re: Application for increase in water and wastewater rates in Martin County by Miles Grant Water and Sewer Company.

Issue 2: Should Pluris Wedgefield's request to implement a \$5.25 late payment charge be approved?

Recommendation: Yes. Pluris Wedgefield's request to implement a \$5.25 late payment charge should be approved. The late payment charge should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. (Bruce)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or services availability charges. The Utility has requested a \$5.25 late payment charge. The Utility's request for a late payment charge was accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091, F.S. The Utility provided the following computations as justification for its request:

| | |
|---------------|--|
| \$2.25 | Office personnel time to search accounts to determine that the bill has not been paid. |
| \$2.50 | Prepare, print and sort notices for mailing and transport to the post office. |
| \$0.44 | Postage (proposed to be raised to \$0.46 in January 2011) |
| <u>\$0.05</u> | Envelope and supplies |
| \$5.24 | |

As shown above, the Utility provided documentation showing that it incurs a cost of \$5.24 per late account. The purpose of a late payment charge is not only to provide an incentive for customers to make timely payments, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies solely upon those who are the cost causers.

Based on the above, staff recommends that Pluris Wedgefield's proposed late payment charge be approved. The charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C.

Issue 3: Should this docket be closed?

Recommendation: Yes. If the issues are 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 the 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 late payment fee has been given to customer, the docket should be administratively closed. (Klancke, Bruce)

Staff Analysis: If the issues are 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 the 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 late payment fee has been given to customer, the docket should be administratively closed.