

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: May 02, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Engineering (Rieger, Lewis)
Division of Economics (Bruce)
Office of the General Counsel (Gilcher, Crawford)

*SOP TB CK
J.W. DPA
JSC*

COMMISSION
CLERK

3 MAY - 2 AM 11: 04

RECEIVED-FPSC

RE: Docket No. 130067-WU – Application for grandfather certificate to operate water utility in Charlotte County by Bocilla Utilities, Inc.

AGENDA: 05/14/13 – Regular Agenda – Proposed Agency Action Issues 3 - 5 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ENG\WP\130067.RCM.DOC

Case Background

On February 12, 2013, the Board of County Commissioners of Charlotte County (County) passed and adopted Resolution No. 2013-003 (Resolution), transferring regulation of the privately owned for profit water and wastewater utilities in the County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in the County became subject to the provisions of Chapter 367, Florida Statutes (F.S.). The Commission acknowledged the Resolution on March 14, 2013.¹

¹ See Order No. PSC-13-0127-FOF-WS, issued March 14, 2013, Docket No. 130049-WS, In re: Resolution of the Board of County Commissioners of Charlotte County declaring Charlotte County subject to the provisions of 367, F.S.

DOCUMENT NUMBER-DATE

02428 MAY-2 2013

FPSC-COMMISSION CLERK

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On March 27, 2013, Bocilla Utilities, Inc. (Bocilla or Utility) filed an application for a certificate under grandfather rights to provide water service in Charlotte County pursuant to Section 367.171(2)(b), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). The area served is located on Don Pedro Island and Palm Island (also known as Knight Island) in Charlotte County.

The Bocilla system has been in existence since 1985 and currently serves 382 residential customers. Wastewater service to the area is primarily by septic tanks, with Knight Island Utilities' (an exempt entity) serving a portion of the service area with central sewer. The Utility's service area is located in the Southern Water Use Caution Area under the Southwest Florida Water Management District.

This recommendation addresses the application for a grandfather water certificate, and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

Discussion of Issues

Issue 1: Should Bocilla Utilities, Inc.'s application for a grandfather water certificate in Charlotte County be acknowledged?

Recommendation: Yes. Bocilla's application should be acknowledged and the Utility should be issued Certificate No. 662-W, effective February 12, 2013, to serve the territory described in Attachment A. The resultant order should serve as Bocilla's certificate and should be retained by the Utility. (Rieger, Lewis)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Charlotte County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a warranty deed as proof of ownership of the land on which the utility facilities are located, an accurate territory description, and adequate service territory and system maps. A description of the territory is described in Attachment A.

The Utility has been in existence since 1985 and currently serves potable water service to 382 single family homes. The water treatment plant is a reverse osmosis water treatment facility that is currently in compliance with DEP requirements. The Utility reported that there are no particular customer service/water quality issues. The utility is aware of the requirement to submit an annual report for 2013 pursuant to Rule 25-30.110, F.A.C., and remit to the Commission RAFs effective February 12, 2013, pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Commissioners' Uniform System of Accounts.

Based on the above, staff recommends that Bocilla be granted Certificate No. 662-W to serve the territory described in Attachment A. The resultant order should serve as Bocilla's certificate and should be retained by the Utility.

Issue 2: What rates and charges should be approved for Bocilla Utilities, Inc.?

Recommendation: The Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1, excluding miscellaneous service charges, non-sufficient funds (NSF) fees, and meter test deposits should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. (Bruce)

Staff Analysis: According to the Utility's application, Charlotte County approved the rates and charges that are shown on Schedule No. 1. The rates include a base facility charge and a three tier inclining block rate structure for water service, miscellaneous service charges, NSF fees, meter test deposits, and service availability charges. However, the meter test deposits approved by the County are inconsistent with Commission rules. Additionally, the County-approved miscellaneous service charges need to be revised. Staff's recommendation regarding the continuation of those charges is discussed in Issues 3, 4, and 5.

Staff recommends that the Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1, excluding miscellaneous service charges, NSF fees, and meter test deposits should be approved. The rates and 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. The Utility should be required to charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding.

Issue 3: Should Bocilla be authorized to collect meter test deposits, and, if so, what are the appropriate deposits?

Recommendation: Yes. The Utility should be required to file revised tariffs to reflect meter test deposits consistent with Rule 25-30.266(2)(a), F.A.C. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the meter test deposits should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed. The Utility should be required to charge the approved meter test deposit until authorized to change them by this Commission in a subsequent proceeding. (Bruce)

Staff Analysis: According to the Utility's application, Charlotte County approved meter test deposits of \$100 for 5/8" x 3/4", 1", 1½", and 2" meters as shown Schedule No. 1, page 3 of 3. These deposit amounts are inconsistent with Rule 25-30.266(2)(a), F.A.C., which provides that a deposit to defray the cost of a bench test requested by a customer may not exceed \$20 for a 5/8" x 3/4" meter, \$25 for 1" and 1½" meters, and actual cost for 2" meters and over.

Staff recommends that the Utility should be required to file revised tariffs to reflect meter test deposits consistent with Rule 25-30.266(2)(a), F.A.C. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the meter test deposits should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed. The Utility should be required to charge the approved meter test deposit until authorized to change them by this Commission in a subsequent proceeding.

Issue 4: Should Bocilla be authorized to collect NSF fees, and, if so, what are the appropriate fees?

Recommendation: Yes. The Utility should be required to file revised tariffs to reflect NSF fees as set forth in Sections 68.065 and 832.08(5), F.S. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the NSF fees should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed. The Utility should be required to charge the approved NSF fees until authorized to change them by this Commission in a subsequent proceeding. (Bruce)

Staff Analysis: According to the Utility's application, Charlotte County approved an NSF fee of \$15 as shown on Schedule No. 1, page 3 of 3. This NSF fee is less than the fees authorized by Sections 68.065 and 832.08(5), F.S., which allow for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 832.08(5), F.S., the following fees may be assessed:

1. \$25, if the face value does not exceed \$50
2. \$30, if the face value exceeds \$50 but does not exceed \$300
3. \$40, if the face value exceeds \$300

Staff recommends that the Utility should be required to file revised tariffs to reflect NSF fees as set forth in Sections 68.065 and 832.08(5), F.S. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the NSF fees should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed. The Utility should be required to charge the approved NSF fees until authorized to change them by this Commission in a subsequent proceeding.

Issue 5: Should Bocilla be authorized to collect miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. The Utility should be required to file revised tariffs to reflect miscellaneous service charges of \$25 during normal hours and \$50 after hours as shown on Schedule No. 1, page 2 of 2. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the miscellaneous service charges should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by this Commission in a subsequent proceeding. (Bruce)

Staff Analysis: According to the Utility's application, Charlotte County approved miscellaneous service charges for connection and reconnection as shown on Schedule No.1, page 3 of 3. These charges are actual cost plus a fixed amount. The Utility's current miscellaneous service charges for normal and violation reconnection are inconsistent with charges typically approved by the Commission. The Utility proposes new charges of \$25 for normal hours and \$50 for after hours. The Utility's proposed charges are reasonable and consistent with prior Commission decisions.²

Staff recommends that the Utility should be required to file revised tariffs to reflect miscellaneous service charges of \$25 during normal hours and \$50 after hours as shown on Schedule No. 1, page 2 of 2. The revised tariff should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the miscellaneous service charges should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by this Commission in a subsequent proceeding.

² See Order No. PSC-10-0367A-PAA-WU, issued August 27, 2010, Docket No. 100011-WU, In re: Application for grandfather certificate to operate water utility in St. Johns County by Wildwood Water Company.

Issue 6: Should this docket be closed?

Recommendation: No. The certification portion of this recommendation will become final agency action upon the Commission's vote. If no person whose substantial interests are affected by the proposed agency action portion of this recommendation, Issues 3, 4, and 5, files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Gilcher, Crawford)

Staff Analysis: The certification portion of this recommendation will become final agency action upon the Commission's vote. If no person whose substantial interests are affected by the proposed agency action portion of this recommendation, Issues 3, 4 and 5, files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

DESCRIPTION OF TERRITORY SERVED

All those lands in Section 28, 29, 32 and 33, Township 41 South, Range 20 East and a portion of the lands in Section 4, Township 42 South, Range 20 East, Charlotte County, Florida, lying between the center line of the Intracoastal Waterway (W.C.I.N.D.) and the Gulf of Mexico, bounded on the South by the South line of DON PEDRO BEACH, as recorded in Plat Book 7, pages 17 A through 17B, of the Public Record of Charlotte County, Florida and an Easterly projection thereof, and bounded on the North by a line described as follows:

Beginning at the intersection of the Gulf of Mexico and the Northerly line of PALM ISLAND ESTATES, Unit No. 1, as recorded in Plat Book 3, Pages 59A through 59C, of the Public Records of Charlotte County, Florida;

thence Northeasterly, along said northerly line, to an intersection with the north line of the south half of said Section 29;

thence Easterly, along the north line of the south half of said Section 28 and 29, to the center line of said Intracoastal Waterway.

The above description contains Plats of various units of Palm Island Estates, Don Pedro Beach, various condominiums and other lands.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Bocilla Utilities, Inc.
pursuant to
Certificate Number 662-W**

to provide water service in Charlotte County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
*	*	130067-WU	Grandfather Certificate

*Order Number and date to be provided at time of issuance.

**Bocilla Utilities, Inc.
 Charlotte County**

Monthly Water Service Rates

<u>Base Facility Charge</u>	<u>Residential, Multi-Residential, and General Service</u>
Meter Size	
5/8" x 3/4"	\$ 43.46
1"	\$ 108.65
1 1/2"	\$ 217.29
2"	\$ 347.64
3"	\$ 651.89
4"	\$ 1,086.50
6"	\$ 2,185.20
8"	\$ 3,476.82
<u>Gallonge Charges</u> (per 1,000 gallons)	
0 - 6,000 gallons	\$ 4.35
6,000 – 12,000 gallons	\$ 7.29
12,000 and over	\$ 11.58
Bulk Water (per 1,000 gallons)	\$ 15.49

**Service Availability Charges
 Water**

<u>Meter Installation Fee</u>	<u>Current Charges</u>
5/8" x 3/4"	\$ 165.00
1"	Actual cost
1 1/2"	Actual cost
2"	Actual cost
Over 2"	Actual cost
<u>System Capacity Charge</u>	
Residential – Per ERC (300 GPD)	\$ 3,000.00

**Bocilla Utilities, Inc.
Charlotte County**

ALLOWANCES FOR FUNDS PRUDENTLY INVESTED

(AFPI)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
January		\$121.81	\$517.73	\$963.86
February		\$153.03	\$552.91	\$1,003.50
March		\$184.56	\$588.44	\$1,043.54
April		\$216.41	\$624.32	\$1,083.98
May		\$248.57	\$660.56	\$1,124.82
June		\$281.06	\$697.17	\$1,166.07
July		\$313.87	\$734.14	\$1,207.73
August		\$347.01	\$771.48	\$1,249.81
September		\$380.48	\$809.19	\$1,292.31
October	\$30.00	\$414.28	\$847.28	
November	\$60.30	\$448.42	\$885.75	
December	\$90.90	\$482.90	\$924.61	

**Bocilla Utilities, Inc.
 Charlotte County**

Meter Test Deposit

<u>Meter Size</u>	<u>Current Charges</u>	<u>Staff Recommended</u>
5/8" X 3/4"	\$ 100.00	\$ 20.00
1" and 1 1/2"	\$ 100.00	\$ 25.00
2" and over	\$ 100.00	\$ Actual Cost

Miscellaneous Service Charges

<u>NSF Fees</u>	<u>Current Charges</u>	<u>Staff Recommended</u>
All checks	\$ 15.00	N/A
\$50.00 or less		\$ 25.00
\$50.01 to \$300.00		\$ 30.00
\$300.01 and above		\$ 40.00

	<u>Current Charges</u>		<u>Utility Recommended</u>	
	<u>Normal Hrs</u>	<u>After Hrs</u>	<u>Normal Hrs</u>	<u>After Hrs</u>
Initial Connection	\$25.00	\$50.00	\$25.00	\$50.00
Normal Reconnection	Actual cost plus \$15.00	Actual cost plus \$30.00	\$25.00	\$50.00
Violation Reconnection	Actual cost plus \$15.00	Actual cost plus \$30.00	\$25.00	\$50.00
Premises Visit	\$15.00	N/A	\$25.00	\$50.00