

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 18, 2004

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

FROM: Division of Economic Regulation (Revell, Merchant)
Office of the General Counsel (Gervasi)

RE: Docket No. 041176-WU – Application for approval of new class of service for private fire protection water service in Seven Springs system in Pasco County, by Aloha Utilities, Inc.
County: Pasco

AGENDA: 11/30/04 – Regular Agenda – Tariff Filing – Interested Persons May Participate

CRITICAL DATES: 11/30/04 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\041176.RCM.DOC

Case Background

Aloha Utilities, Inc. (Aloha or utility) is a Class A water and wastewater utility in Pasco County. The utility consists of two distinct service areas: Aloha Gardens and Seven Springs. This docket relates to the Seven Springs service area, which has approximately 10,427 residential water customers and 301 commercial water customers.

On October 1, 2004, the utility filed an application requesting approval of a new class of service for a private fire protection water tariff. This tariff filing originated from an informal complaint filed with the Commission by Bergen Materials Corporation (Bergen or customer). Bergen was required by the Pasco County Fire Marshall to have a 4-inch water line to provide sufficient fire flow capacity. Because Aloha had no private fire protection tariff, the utility required Bergen to have water and wastewater services based on the 4-inch meter size. Bergen has now requested that the utility provide it with private fire protection service and separate its present service into two lines: a dedicated fire line and a potable water line. Although the utility is requesting this tariff for a new class of service at the request of this one customer, the utility stated that this tariff will be available to any customer requesting such private fire protection service. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

Discussion of Issues

Issue 1: Should Aloha's request to establish a private fire protection water tariff for its Seven Springs service area be approved?

Recommendation: Yes, the utility's proposed tariff should be approved as filed. 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 tariff, 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 new class of service in the Seven Springs service area to all current general service customers and to all persons who have filed a written request for general service, or who have been provided a written estimate for general service within the 12 calendar months prior to October 1, 2004. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent. Further, pursuant to Rule 25-30.330(5), Florida Administrative Code, staff recommends that upon request of any customer, Aloha should provide a copy or explanation of the utility's rates applicable to the customer's classification for service and to assist the customer in obtaining the rate which is most advantageous for the customer's service requirements. (Revell, Merchant)

Staff Analysis: Aloha does not have an existing tariff for private fire protection. Bergen is presently the only customer that has requested private fire protection service. However, the utility has indicated that this tariff will be available to any customer who requests service under this tariff, provided that customers demonstrate that the private fire line is dedicated for fire protection services, and is not connected to the separate domestic water service line.

In order to receive service under this tariff, Aloha has requested that each customer be required to provide the appropriate metering devices and hardware for service. Staff believes that this is reasonable because meter connection costs are borne by each customer. See Order No. PSC-98-0025-FOF-WU, issued January 5, 1998, in Docket No. 970659-WU, Request for approval of tariffs concerning installation of service meter and cross-connection control device for private fire protection service customers in Lee County by Florida Cities Water Company-Lee County Division. In that order, the Commission found that the installation costs for private fire protection service should not be the utility's responsibility since the service does not benefit the general body of ratepayers. Consistent with that finding, staff agrees that each Aloha customer should be responsible for constructing or reconfiguring its on-site system, and providing the appropriate plans and engineering specifications to Aloha for verification of the complete separation of the fire flow and domestic service.

In its application, Aloha has provided cost justification for its proposed tariff in accordance with Section 362.091(1), Florida Statutes. Bergen is presently paying a base facility charge of \$102.68 for water and \$352.00 for wastewater per month for a 4-inch meter. The proposed base facility charges will be \$20.54 for water and \$70.40 for wastewater for a one and one-half inch meter for potable water and a base facility charge of \$8.56 per month for a 4-inch meter for private fire protection. The gallonage charge for usage will remain the same for both water and wastewater. On a yearly basis, these charges will result in an annual expense reduction for Bergen of \$4,262.16.

Staff believes that the proposed changes, including the private fire protection rate, will properly match the customer's needs and provide the most advantageous rate structure for the customer's service requirements. Staff also believes that this tariff is in the public interest in that it will provide more options to customers who wish to completely separate their private fire protection system from their potable water and wastewater service. Rule 25-30.465, Florida Administrative Code, requires that private fire protection charges shall be based on the size of the connection, and that the monthly fixed rate shall be one-twelfth of the current base facility charge for each meter size, unless otherwise supported by the utility. The utility's proposed monthly rates for private fire protection properly reflect one-twelfth of the base facility charge for the utility's various meter sizes. Staff believes that the proposed new class of service and the charges for this proposed tariff are reasonable and should be approved.

The utility's proposed tariff should be approved as filed. 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 tariff, 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 new class of service in the Seven Springs service area to all current general service customers and to all persons who have filed a written request for general service, or who have been provided a written estimate for general service within the 12 calendar months prior to October 1, 2004. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent.

Further, pursuant to Rule 25-30.330(5), Florida Administrative Code, staff recommends that upon request of any customer, Aloha should provide a copy or explanation of the utility's rates applicable to the customer's classification for service and to assist the customer in obtaining the rate which is most advantageous for the customer's service requirements.

Docket No. 041176-WU
Date: November 18, 2004

Issue 2: Should this docket be closed?

Recommendation: Yes. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order and staff's verification of the utility's compliance with the noticing requirements. If a protest is filed within 21 days of the issuance of the Commission's Order, the tariff should remain in effect with all revenues held subject to refund pending resolution of the protest. (Gervasi, Revell)

Staff Analysis: If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order and staff's verification of the utility's compliance with the noticing requirements. If a protest is filed within 21 days of the issuance of the Commission's Order, the tariff should remain in effect with all revenues held subject to refund pending resolution of the protest.