

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: July 7, 2005

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

FROM: Division of Economic Regulation (Revell, Rendell)
Office of the General Counsel (Vining)

RE: Docket No. 050349-SU – Request for approval of revision to general service tariff in Pinellas County by Ranch Mobile WWTP, Inc.
County: Pinellas

AGENDA: 07/19/05 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 07/19/05 (60-Day Suspension Date-Extended)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050349.RCM.DOC

Case Background

Ranch Mobile WWTP, Inc. (WWTP or the utility) is a Class C utility which provides wastewater service to four customers, Ranch Mobile Inc. (Ranch Mobile), Down Yonder, and Twin Palms, which are mobile home parks, and a restaurant. The utility purchases wastewater treatment service from the City of Largo (City), and is billed by Pinellas County.

By Order No. PSC-05-0287-PAA-SU, issued March 17, 2005, in Docket No. 040972-SU, In re: Application for rate increase in Pinellas County by Ranch Mobile WWTP, Inc., the utility was granted a 30.78% rate increase for phase one of a three-phase project to rehabilitate its wastewater collection lines. The utility is expected to file for a phase two rate increase at the end of 2005.

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During the phase one rate case, the City revised its rates to include excess gallonage charges which did not financially impact the utility at that time. On May 4, 2005, however, the utility notified staff that these changes were impacting it financially and requested approval to revise its general service tariff to reflect this impact. The purpose of this recommendation is to address the utility's request to revise its general service tariff.

On May 31, 2005, WWTP extended the 60-day suspension deadline for the consideration of its request to July 19, 2005. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

Discussion of Issues

Issue 1: Should Ranch Mobile's request to revise its general service tariff be approved?

Recommendation: Yes. The utility's request to revise its general service tariff should be approved with the staff recommended addition. The utility should file a revised tariff sheet which is consistent with the Commission vote. Staff recommends that it be given administrative authority to approve the revised sheet upon staff's verification that the tariff is consistent with the Commission's decision. The utility should also file a proposed customer notice to reflect the Commission-approved revision. The approved revision 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 (F.A.C.), after staff has verified that the proposed customer notice is adequate and this notice has been provided to customers. The utility should provide proof that the three affected customers have received notice within 10 days after the date of the notice. (Revell)

Staff Analysis: In the utility's recent rate case, the Commission approved expenses for purchased sewage treatment that equaled the yearly total of the billings from the City of Largo (Largo or the City) based on a bi-monthly flat charge multiplied by the number of tenants in each park. As the three parks generally operate at capacity, and there is no possibility of growth, the yearly expense was calculated with a high degree of accuracy.

On June 15, 2004, the City passed Ordinance No. 2004-57 that changed the tarified wastewater rate structure for the City's customers to include charges for excessive water consumption. The new charges were effective for wastewater service billed on or after October 1, 2004.

For usage up to 3,000 gallons monthly (6,000 bi-monthly), customers inside the city limits will not see an increase in bi-monthly charges. However, a customer with a water usage over 3,000 gallons per month (over 6,000 bi-monthly), up to a maximum of 8,000 gallons per month (16,000 bi-monthly), are now required to pay \$1.37 per each thousand gallons consumed; customers outside the city limits are required to pay \$1.71 per thousand gallons consumed. Previous to this change, customers of the City were billed only the flat rate for monthly wastewater service regardless of their consumption.

The City master bills the utility bi-monthly for wastewater charges for each of the three parks, based on water usage of each residential unit. WWTP is responsible for the payment of the bi-monthly charges, as well as any additional charges incurred for excess water consumption. WWTP presently has no way to collect the additional charges incurred, as the rates approved by the Commission are based on Largo's flat rates prior to the imposition of excess gallonage charges.

A surcharge may or may not occur in any given bi-monthly billing period, and the amount of the surcharge could vary from period to period. The utility has paid surcharges for the February and April 2005 billing periods for the Twin Palms Park which totaled \$268.47. Given the small size of this utility, the inability to collect the extra charges from its customers could have a material impact on WWTP.

As a result, the utility has requested that its general service flat rate tariff be revised to allow it to bill a customer who causes any sewer surcharge due to excessive water use. The utility has requested that the following language be added to its existing general service-flat rate tariff:

In accordance with the City of Largo Ordinance No. 2004-57 if a customer exceeds allowed water consumption during the bi-monthly billing cycle affecting an increase in the normal sewer fee, the customer will be billed by the utility for the increase in wastewater fee upon receipt of the statement.

Staff agrees with the utility's proposed revision but recommends that the paragraph also state that WWTP will include a copy of the City's bi-monthly charges showing the surcharge when the customer is billed for the additional amount. When notified of staff's proposed revision, the utility agreed with this change. This will not create an administrative burden as WWTP only has three customers for which the surcharge would apply.

The utility's request to revise its general service tariff should be approved with the staff recommended addition. The utility should file a revised tariff sheet which is consistent with the Commission vote. Staff recommends that it be given administrative authority to approve the revised sheet upon staff's verification that the tariff is consistent with the Commission's decision. The utility should also file a proposed customer notice to reflect the Commission-approved revision. The approved revision should be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), F.A.C., after staff has verified that the proposed customer notice is adequate and this notice has been provided to customers. The utility should provide proof that the three affected customers have received notice within 10 days after the date of the notice.

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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. 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 and the docket held open. (Vining, Revell)

Staff Analysis: If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order. 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 and the docket held open.