

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: January 12, 2006

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

FROM: Division of Economic Regulation (Fletcher, Rendell)
Office of the General Counsel (Gervasi)

RE: Docket No. 050895-WS – Request for approval to modify water and wastewater service availability policy in Pasco County by Aloha Utilities, Inc.

AGENDA: 01/24/06 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050895.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 both service areas. The Aloha Gardens service area has approximately 3,055 residential customers and 46 general service customers. The Seven Springs service area has approximately 10,427 residential customers and 301 general service customers.

On November 17, 2005, Aloha filed revised service availability tariff sheets, in order to remove language for residential service availability charge reassessments. This proposed service availability policy modification originated from an informal complaint filed with the Commission by a general service customer who expressed concern about the utility's service availability true-up charge provision for its general service customers. The Commission has jurisdiction pursuant to Section 367.101, Florida Statutes.

Discussion of Issues

Issue 1: Should Aloha's request to modify its water and wastewater service availability policy be granted?

Recommendation: Yes. The utility's request to modify its water and wastewater service availability policy to remove any true-up provision for residential customers should be granted. Thus, Aloha's First Revised Sheet No. 26.9 for water and First Revised Sheet No. 22.9 for wastewater should be approved as filed. (Fletcher, Gervasi)

Staff Analysis: As stated in the case background, this tariff modification originated from an informal complaint filed with the Commission by a general service customer. While processing that complaint, staff discovered that Section 7.4 of Aloha's existing water and wastewater service availability policy inappropriately contains a true-up provision for residential customers. That provision allows the utility to reassess a residential service customer's service availability charges by way of a true-up mechanism when the actual consumption experienced is greater than the consumption estimated at the time the impact fees were initially assessed. A utility's service availability policy may appropriately contain such a provision for commercial developments. However, the Commission has established that for residential customers, a utility's service availability charges are fixed amounts set by the Commission.¹ Therefore, residential service availability charges should not be reassessed by the utility.

Based upon the foregoing and consistent with Commission practice, staff recommends that the utility's request to modify its water and wastewater service policy to remove any true-up provision for residential customers should be granted. Thus, staff recommends that Aloha's First Revised Sheet No. 26.9 for water and First Revised Sheet No. 22.9 for wastewater should be approved as filed.

¹ See Order No. PSC-94-1042-FOF-SU, issued August 24, 1994, in Docket No. 921293-SU, In Re: Application for a rate increase in Pinellas County By Mid-County Services, Inc. (finding that although there should be fixed charges for single customers, there should be some options for negotiations for developer charges). See also Order No. PSC-00-0917-SC-WS, issued May 9, 2000, in Dockets Nos. 980992-WS and 981609-WS, In re: Complaint by D.R. Horton Custom Homes, Inc. against Southlake Utilities, Inc. in Lake County regarding collection of certain AFPI charges., and In re: Emergency petition by D.R. Horton Custom Homes, Inc. to eliminate authority of Southlake Utilities, Inc. to collect service availability charges and AFPI charges in Lake County. (finding that residential gallon per day amounts stated in the utility's service availability schedule of fees and charges are fixed amounts set by the Commission).

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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 pending resolution of the protest. (Fletcher, Gervasi)

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 pending resolution of the protest.