

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: August 17, 2006

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

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

RE: Docket No. 060397-WU – Application for revised tariff sheets, new service availability policy, and new refundable advance agreement, by Placid Lakes Utilities, Inc.

AGENDA: 08/29/06 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 1/2/07 (8-Month Effective Date (Tariff Filing))

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\060397.RCM.DOC

Case Background

Placid Lakes Utilities, Inc. (Placid Lakes or utility) is a Class B water-only utility in Highlands County. The system serves approximately 1,815 water customers. The utility's service area is located in a water use caution area in the Southwest Florida Water Management District (SWFWMD). Placid Lakes is a wholly-owned subsidiary of Lake Placid Holding Company (LPHC), the primary developer of the Placid Lakes subdivision. In its annual report, the utility reported net operating revenues of \$542,545 and a net operating income of \$63,048.

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By letter dated May 2, 2006, Placid Lakes filed an application for revised tariff sheets, a new Service Availability Policy, and a new Refundable Advance Agreement.¹

This recommendation addresses the utility's request for revised tariff sheets, new Service Availability Policy, and new Refundable Advance Agreement. The Commission has jurisdiction pursuant to Section 367.091, Florida Statutes.

¹ By Order No. PSC-06-0590-PCO-WU, issued July 7, 2006, in this docket, Placid Lake's request was suspended.

Discussion of Issues

Issue 1: Should Placid Lakes' request for a new Service Availability Policy and Refundable Advance Agreement be approved?

Recommendation: Yes. Placid Lakes' request for a new Service Availability Policy and Refundable Advance Agreement should be approved. The utility's Fourth Revised Tariff Sheet No. 2.0, Fifth Revised Tariff Sheet No. 23.0, Sixth Revised Tariff Sheet No. 28.0, Original Sheet Tariff Sheet Nos. 31.0-31.16, and the Refundable Advance Agreement should be approved as filed. The utility should file a proposed notice to reflect the Commission's decision for staff's approval. The approved tariffs should be effective for services rendered on or after the stamped approval date provided all persons in the service area who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the request was filed have received notice. The utility should provide proof that those persons have received notice within 10 days after the date that the notice was sent. (Joyce)

Staff Analysis: Placid Lakes requested approval of a Service Availability Policy for its water system. At present, the utility does not have a service availability policy. A service availability policy is a section of a utility's tariff which sets forth a uniform method of determining service availability charges to be paid and conditions to be met by applicants for service in order to obtain water or wastewater service.

The utility's Service Availability Policy lists its purpose and applicability. It also gives general provisions, the main extension rules, previously approved service availability charges, and special conditions. The appendix to the service availability agreement includes a refundable advance agreement.

As defined by Rule 25-30.515(16), Florida Administrative Code:

Refundable Advance means money paid or property transferred to a utility by the applicant for the installation of facilities which may not be used and useful for a period of time. The advance is made so that the proposed extension may be rendered economically feasible. The advance is returned to the applicant over a specified period of time in accordance with a written agreement as additional users connect to the system.

Placid Lakes' Refundable Advance Agreement provides that the applicant requesting the installation of off-site mains or other facilities necessary to provide service pay the actual cost of the off-site mains or other facilities. The utility will collect fees from other applicants desiring water service within the qualified property based upon the applicant's hydraulic share of the facilities. Within sixty days of collection of said fees by the utility, a refund of said fees shall be made to the original applicant.

Staff believes that Placid Lakes' requested Service Availability Policy is reasonable and is consistent with the guidelines set forth in Rule 25-30.580, Florida Administrative Code. Staff also believes that the refundable advance agreement should be included for future applicants

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requesting the installation of off-site mains or other facilities necessary to provide service. Corresponding tariff sheets should be revised to reflect the requested changes.

Therefore, staff recommends Placid Lakes' request for a new Service Availability Policy and Refundable Advance Agreement should be approved. The utility's Fourth Revised Tariff Sheet No. 2.0, Fifth Revised Tariff Sheet No. 23.0, Sixth Revised Tariff Sheet No. 28.0, Original Sheet Tariff Sheet Nos. 31.0-31.16, and the Refundable Advance Agreement should be approved as filed. The utility should file a proposed notice to reflect the Commission's decision for staff's approval. The approved tariffs should be effective for services rendered on or after the stamped approval date provided all persons in the service area who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the request was filed have received notice. The utility should provide proof that those persons have received notice within 10 days after the date that the notice was sent.

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Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose interest are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open. (Joyce, Gervasi)

Staff Analysis: If no protest is filed by a person whose interest are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open.