

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 19, 2007

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Deason, Rendell)
Office of the General Counsel (Jaeger)

RE: Docket No. 070366-WU – Application to amend water tariff to allow collection of customer deposits by O&S Water Company, Inc.

AGENDA: 07/31/07 – Tariff filing – Interested Persons May Participate

CRITICAL DATES: 8/6/2007 – 60 Day Suspension

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070366.RCM.DOC

Case Background

O&S Water Company, Inc. (O&S or utility) is a Class A water utility serving approximately 2,120 water customers in Osceola County.¹ On June 7, 2007, the utility filed proposed tariff sheets and requested approval to implement security deposits for water systems.

This recommendation addresses staff's analysis of the utility's requested tariff changes. The Commission has jurisdiction pursuant to section 367.091, Florida Statutes.

¹ The Commission granted O&S its original Certificate No. 510-W in Order No. 20583, issued January 10, 1989, in Docket No. 870392-WU, In Re: Objection to Application of C&S Water Company for a water certificate in Osceola County.

The Commission approved the transfer of majority organizational control and established rate base for transfer purposes, in Order No. PSC-92-0204-FOF-WU issued April 14, 1992, in Docket No. 910895-WU, In Re: Application for transfer of majority organizational control of C&S Water Company's Certificate No. 510-W in Osceola County from Doug Stewart and the Estate of Jack Chernau to Douglas B. Stewart.

Discussion of Issues

Issue 1: Should O&S proposed tariff sheet to collect customer deposits be approved as filed?

Recommendation: Yes, Third Revised Sheet No. 13.0 filed on June 7, 2007, should be approved as filed. The revised tariff sheet should be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code F.A.C., provided the utility submits and receives approval of its proposed customer notice and that the customers have received the approved notice. (Deason)

Staff Analysis: As stated in the background, the utility filed an application to request the approval to implement security deposits for its water system in Osceola County. The purpose of customer deposits is to establish credit with the utility. Deposits are to be paid by new utility customers and current customers who would not qualify for a refund of a deposit pursuant to Rule 25-30.311(5), F.A.C. Rule 25-30.311, F.A.C., provides guidelines for collecting, administering, and refunding customer deposits. The rule also authorizes customer deposits to be calculated using an average monthly bill for a 2-month period. The utility currently does not have a tariff charge for customer deposits.

A schedule of the utility's requested deposits follow:

Residential Customer Deposits

<u>Meter Size</u>	<u>Proposed Water Deposits</u>
All Meter Sizes	\$73.00

General Service Customer Deposits

All Meter Sizes	2 x average bill
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According to information supplied by the utility, the average residential monthly bill per customer from May 2006 to May 2007 was \$36.47. The proposed deposit is two times this amount or \$73.

After a customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the utility is required to refund the customer's deposit pursuant to Rule 25-30.311(5), F.A.C. The utility is required to pay interest on all customer deposits pursuant to Rule 25-30.311(4), F.A.C.

Based on the above, staff recommends that Third Revised Sheet No. 13.0 for water service filed June 7, 2007, should be approved as filed because it complies with the requirements of Rule 25-30.311, F.A.C. The tariff sheet should be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), F.A.C., if no protest is filed and once the proposed customer notice has been approved by staff as adequate.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved, this tariff should become effective on or after the stamped approval date of the tariff sheet, pursuant to Rule 25-30.475, F.A.C., provided the customers have received adequate notice. If a protest is filed within 21 days of the issuance of the Order by a substantially affected person, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, this docket should be closed, upon the issuance of a Consummating Order. (Jaeger, Deason)

Staff Analysis: If Issue 1 is approved, this tariff should become effective on or after the stamped approval date of the tariff sheet, pursuant to Rule 25-30.475, F.A.C., provided the customers have received adequate notice. If a protest is filed within 21 days of the issuance of the Order by a substantially affected person, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, this docket should be closed, upon the issuance of a Consummating Order.