

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

APRIL 18, 2000

RE: DOCKET NO. 980992-WS - Complaint by D.R. Horton Custom Homes, Inc. against Southlake Utilities, Inc. in Lake County regarding collection of certain AFPI charges.

DOCKET NO. 981609-WS - 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.

Issue 1: Should an adjustment be made to reduce the utility's water and wastewater plant balances?

Recommendation: Yes. Due to lack of support documentation, the utility's water and wastewater plant balances should both be reduced by \$1,500.

APPROVED

COMMISSIONERS ASSIGNED: DS CL JC

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

J. Terry Deaso
Jusap Clark
[Signature]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

04903 APR 20 8

FPSC-RECORDS/REPORTING

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Issue 2: What are the appropriate water and wastewater land balances?

Recommendation: The appropriate water and wastewater land balances are \$95,900 and \$300,000, respectively. The utility should reduce its water land balance by \$105,183 and its wastewater land balance by \$502,141.

APPROVED

Issue 3: What are the appropriate water and wastewater accumulated depreciation balances?

Recommendation: The appropriate water and wastewater accumulated depreciation balances are \$37,585 and \$262,972, respectively. Further, the utility should reduce its water accumulated depreciation balance by \$9,554 and should increase its wastewater accumulated depreciation balance by \$9,554.

APPROVED

Issue 4: What was the appropriate water net book value, as of December 31, 1998?

Recommendation: The appropriate water net book value, as of December 31, 1998, was (\$41,153).

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Issue 5: Does the utility's current water and wastewater tariff authorize a reassessment of plant capacity charges for changed consumption for residential customers at any time after connection to the system?

Recommendation: No. The utility's current water and wastewater tariff does not authorize a reassessment of plant capacity charges for changed consumption for residential customers at any time after connection to the system.

APPROVED

Issue 6: Should the utility's water tariff Sheet No. 31.0 and wastewater tariff Sheet No. 28.0 be revised?

Recommendation: Yes. The utility's water tariff sheet 31.0 and wastewater tariff sheet 28.0 should be revised as discussed in the analysis portion of staff's April 6, 2000 memorandum.

APPROVED

Issue 7: Should Southlake Utilities' growth projections be used to calculate the plant capacity charge?

Recommendation: No. The utility's growth projection for the year 2000 and beyond should be estimated based on linear regression using historical growth in ERCs.

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Issue 8: What is the capacity of Southlake's existing water and wastewater plants and how many ERCs will the existing plants serve?

Recommendation: Southlake's water treatment plant had plant upgrades which increased the capacity to 1,075,200 gpd, raised its ability to serve approximately 1,365 ERCs, and increased its potential service to beyond the year 2001. Southlake's wastewater treatment plant has a permitted capacity of 0.550 million gallon per day (mgd) Annual Average Daily Flow (AADF) which will serve approximately 1,964 ERCs, and should be adequate beyond the year 2007 using the historical growth data provided by the utility.

APPROVED

Issue 9: When should Southlake expand its system to insure capacity to serve the projected customer base as supported by growth projections?

Recommendation: Based on current growth, Southlake should not need to expand its water treatment system until beyond the year 2001. The utility should not need to expand its wastewater treatment system until beyond the year 2007.

APPROVED

Issue 10: What are the appropriate plant capacity charges for Southlake?

Recommendation: The water plant capacity charges should be discontinued. Wastewater plant capacity charges should be \$240 per ERC for residential customers and \$1.105991 per gallon for all other customers.

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Issue 11: Should the utility be required to refund any plant capacity charges?

Recommendation: Yes. The utility should be required to refund all water plant capacity charges collected on or after December 15, 1998. This refund should include all outstanding prepaid water plant capacity charges. Moreover, the utility should be required to refund the difference between the utility's existing residential wastewater plant capacity charge of \$775 and staff's recommended charge of \$240. The utility also should be required to refund the difference between the utility's existing \$2.58333 per gallon charge for all other customers from staff's recommended charge of \$1.105991. The wastewater refunds should include all plant capacity charges and prepayments collected on or after December 15, 1998. The refunds should be made pursuant to Rule 25-30.360, Florida Administrative Code. Also, the refunds should be made payable to the individual customer or developer who paid the plant capacity charges. Further, the utility should provide refund reports in conformance with Rule 25-30.360(7), Florida Administrative Code.

APPROVED

Issue 12: Is the utility's AFPI true-up procedure authorized by the Commission?

Recommendation: Yes. The utility's AFPI true-up procedure is authorized by the Commission.

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Issue 13: Should the utility's collection of AFPI charges be discontinued, and should the utility be required to refund any AFPI collected?

Recommendation: Yes. Staff recommends that the utility's water AFPI charges be discontinued. The wastewater tariff for AFPI is already canceled since the utility has collected more than the maximum allowed by tariff. Staff also recommends that the utility refund, pursuant to Rule 25-30.360, Florida Administrative Code, all water AFPI charges collected after December 15, 1998. This includes all outstanding prepaid AFPI during this same period. Further, staff recommends that the utility be ordered to refund all wastewater AFPI charges collected beyond the 375 ERC limit authorized by Order No. PSC-96-1082-FOF-WS, in accordance with Rule 25-30.360, Florida Administrative Code. This includes any outstanding prepaid AFPI charges in excess of the 375 ERC limit. Refunds should be made payable to the individual customer or developer who paid the AFPI. The utility should provide refund reports in conformance with Rule 25-30.360(7), Florida Administrative Code.

APPROVED

Issue 14: Should Southlake Utilities, Inc., be ordered to show cause, in writing, within 21 days, why it should not be fined for its apparent violation of Order No. PSC-96-1082-FOF-WS, pertaining to the collection of AFPI charges?

Recommendation: Yes. The utility should be ordered to show cause, in writing, within 21 days, why it should not be fined \$5,000 for its apparent violation of Order No. PSC-96-1082-FOF-WS. The show cause order should incorporate the conditions stated in the staff analysis.

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Issue 15: Does the Commission have the authority to order Southlake to refund AFPI charges collected prior to December 15, 1998?

Recommendation: Yes, but only the wastewater AFPI collected in excess of the 375 ERC limit, regardless of the date it was collected. This is because the utility exceeded the amount allowed by a Commission order. Except as noted above, staff believes that the Commission cannot order the utility to refund any AFPI charges collected prior to December 15, 1998, due to the prohibition against retroactive ratemaking.

APPROVED

Issue 16: What are the appropriate effective dates and noticing requirements for staff's recommended tariff changes?

Recommendation: If there is no timely protest to the Commission's Proposed Agency Action (PAA) by a substantially affected person, the utility should file the appropriate revised tariff sheets within 10 days of the effective date of the Order for the Commission-approved tariff changes. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariff is consistent with the Commission's decision. If the revised tariff sheets are filed and approved, the tariff sheets should become effective on or after the stamped approval date. Within 20 days of the Commission's decision at agenda, the utility shall provide notice of the Commission's decision to all persons in the service area who are affected by the discontinuance of the utility's water plant capacity charges, the revised wastewater plant capacity charges and the discontinuance of Southlake's AFPI charges. The notice should be approved by Commission staff prior to distribution. The utility should provide proof that the appropriate customers or developers have received noticed within ten days of the date of the notice.

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Issue 17: Should these dockets be closed?

Recommendation: No. These dockets should remain open to allow staff to verify that Southlake has filed revised tariff sheets consistent with the Commission's decision and has made the proper refunds of the service availability and AFPI charges and to resolve the show cause matter. Upon expiration of the protest period, if no timely protest is received to the proposed agency action issues, this order should become final and effective upon the issuance of a consummating order. Once staff has verified that the utility's revised tariff is consistent with the Commission's decision and that the proper refunds have been made and the show cause matter has been resolved, the dockets should be closed administratively.

APPROVED

with additional requirement that utility will obtain proper security, as discussed at the conference, in the event of a PAA protest.