

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request to establish initial customer
deposits in Highlands County by Country Club
Utilities, Inc.

DOCKET NO. 140157-WS
ORDER NO. PSC-14-0593-TRF-WS
ISSUED: October 22, 2014

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER ESTABLISHING INITIAL CUSTOMER DEPOSITS

BY THE COMMISSION:

Background

Country Club Utilities, Inc. (County Club or Utility) is a Class C water and wastewater utility serving 404 water customers and 396 wastewater customers in Highlands County. According to the Utility's 2013 annual report, total gross revenues were \$144,079 for water and \$98,167 for wastewater. Operating expenses were \$151,167 for water and \$88,037 for wastewater.

On August 13, 2014, Country Club filed an application for initial customer deposits. This recommendation addresses County Club's requested initial customer deposits. We have jurisdiction over this matter pursuant to Section 367.091, Florida Statutes.

Decision

Rule 25-30.311, Florida Administrative Code (F.A.C.), contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain its specific criteria for determining the amount of initial deposits. Country Club's current tariff does not authorize the Utility to collect initial customer deposits.

Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of rate payers. In addition, collection of customer deposits is consistent with one of the fundamental principles of ratemaking - ensuring that the cost of providing service is recovered from the cost causer. In its application, the Utility indicated that its inability to collect initial customer deposits created a loss in revenues and in essence increased its exposure to bad debt. The Utility's requested initial customer deposits are \$69.65 for residential customers, \$98.29 for general service, and \$37.35 for multi-family. The

requested initial customer deposits were calculated using the average consumption per customer class from its July 2014 billing register.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage.

This Commission's practice has been to set initial customer deposits equal to two monthly bills based on the average consumption for a 12-month period for each class of customers. Commission staff reviewed the customer usage data from the Utility's pending staff-assisted rate case¹ and developed initial customer deposits for new residential and general service customers based on two times the average consumption for various meter sizes. The Utility's multi-family customers are billed based on the residential rates for 5/8" x 3/4" meters. Therefore, new multi-family customers should pay the appropriate residential customer deposit based on their meter size.

We approve the initial customer deposits shown on Schedule No. 1. The Utility shall file a revised tariff sheet. The initial customer deposits shall become effective for connections made on or after the stamped approval date of the revised tariff sheet.

Based on the foregoing, it is

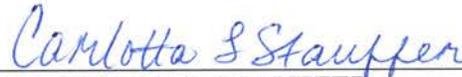
ORDERED by the Florida Public Service Commission that the request to establish initial customer deposits in Highlands County by Country Club Utilities, Inc. is granted. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed and the Tariff Order made final upon the issuance of a Consummating Order.

¹ See Audit Control No. 12-208-2-1, issued January 7, 2013, in Docket No. 120172-WS, In re: Application for staff-assisted rate case in Highlands County by Country Club Utilities, Inc.

By ORDER of the Florida Public Service Commission this 22nd day of October, 2014.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KRM

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 12, 2014.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Country Club Utilities, Inc.
Initial Customer Deposits

Residential Service	Water	Wastewater
All Meter Sizes	N/A	\$50.00
5/8"	\$ 22.00	N/A
3/4"	\$ 33.00	N/A
1"	\$ 65.00	N/A
General Service		
5/8"	\$28.00	\$60.00
1"	\$ 49.00	\$105.00
2"	\$ 210.00	\$456.00