

MERRITT ISLAND UTILITY COMPANY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20190116-SU

FILED 10/15/2019
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FPSC - COMMISSION CLERK

Application for staff-assisted rate case in Brevard County, and request for interim rate increase by Merritt Island Utility Company

AFFIRMATION OF MAILING

STATE OF FLORIDA
COUNTY OF PASCO

This statement submitted on October 14, 2019, affirms that the attached Customer Meeting Notice for the Staff Assisted Rate Case was mailed via US mail service to the customers of Merritt Island Utility Company.



Troy Rendell
Vice President
Investor Owned Utilities
// for Merritt Island Utility Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
NOTICE OF CUSTOMER MEETING
TO THE CUSTOMERS OF MERRITT ISLAND UTILITY COMPANY.

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO. 20190116-SU

APPLICATION FOR STAFF-ASSISTED RATE CASE IN BREVARD COUNTY,

AND REQUEST FOR INTERIM RATE INCREASE

BY MERRITT ISLAND UTILITY COMPANY.

Issued: OCTOBER 15, 2019

Notice is hereby given that the staff of the Florida Public Service Commission (Commission or PSC) will conduct a customer meeting to discuss the application for a staff-assisted rate case by Merritt Island Utility Company. (Merritt Island or Utility) in Brevard County. The meeting will be held at the following time and place:

Monday, November 4, 2019

6:00 p.m.

Merritt Island Public Library

1195 N. Courtenay Parkway

Merritt Island, Florida 32953

All persons who wish to comment are urged to be present at the beginning of the meeting, since the meeting may be adjourned early if no customers are present. One or more of the Commissioners of the Commission may attend and participate in this meeting. The meeting will begin as scheduled and will continue until all the customers have been heard.

If a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of the cancellation of the meeting will also be provided on the Commission's website (<http://www.floridapsc.com/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Commission's Office of the General Counsel at (850) 413-6199.

Any person requiring some accommodation at the customer meeting because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least five calendar days prior to the meeting. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

PURPOSE

The purpose of this meeting is to give customers and other interested persons an opportunity to offer comments to Commission staff regarding the quality of service the Utility provides, the proposed rate increase, and to ask questions and comment on staff's preliminary rates included in this notice as well as other issues. Staff members will summarize Merritt Island's proposed filing, the preliminary work accomplished, and answer questions to the extent possible. A representative from the Utility has also been invited to respond to questions.

At the beginning of the meeting, procedures will be established for the order of comments. Commission staff will have sign-up sheets, and customers will be called to speak in the order that they sign up. Staff will be available to coordinate customers' comments and to assist members of the public.

Any person who wishes to comment or provide information to staff may do so at the meetings, orally or in writing. Written comments may also be sent to the Commission at the address given at the end of this notice. Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Commission's toll-free facsimile line at 1-800-511-0809 or online at <https://secure.floridapsc.com/ClerkOffice/EfilingPublic>.

BACKGROUND

Merritt Island is a Class C utility serving approximately 141 residential and 1 general service wastewater customers in Brevard County. Water service is provided by the City of Cocoa. The Utility is located in the St. Johns River Water Management District, all of which is considered a water use caution area. According to Merritt Island's 2018 Annual Report, the Utility had the following gross operating revenues, operating expenses, and net operating loss.

Revenues, Expenses and Net Operating Loss

	Wastewater
Operating Revenues	\$65,442
Operating Expenses	<u>\$73,250</u>
Net Operating Loss	<u>(\$7,808)</u>

Mobile Home Investors, Inc. was initially granted a certificate to operate a wastewater system in existence in 1974.¹ The wastewater system was subsequently transferred several times. The most recent transfer to Merritt Island was approved in 2017.² During the pendency of the transfer docket, it was discovered that the Utility was serving customers outside of its certificated territory. Consequently, Merritt Island filed an application with the Commission to amend its

¹Order No. 6365, issued December 2, 1974, in Docket No. 730391-S, *In re: Application of Mobile Home Investors, Inc., for a certificate to operate an existing sewer utility in Brevard County, Florida.*

²Order No. PSC-2017-0366-PAA-SU, issued September 27, 2017, in Docket No. 20170018-SU, *In re: Application to transfer wastewater system and Certificate No. 137-S in Brevard County from Colony Park Development Utilities, LLC to Merritt Island Utility Company, Inc.*

certificate to add territory in Brevard County, which was approved in Order No. PSC-2018-0243-FOF-SU.³

Rate base was last established for the Utility in a 2008 staff-assisted rate case (SARC).⁴ In addition, net book value for transfer purposes was updated to reflect balances as of December 22, 2016, when the system was transferred to Merritt Island. The Utility's test year rates became effective on June 13, 2018, following approval of a 2018 price index rate adjustment.

On May 16, 2019, Merritt Island filed an application for a SARC. The Utility requested the 12-month period ended March 31, 2019, as the test year for interim and final rate purposes. The Commission approved a 5.34 percent interim increase in Order No. PSC-2019-0309-PCO-SU, issued on July 29, 2019.

CURRENT AND PRELIMINARY RATES AND CHARGES

Staff has compiled the following rates and charges for the purpose of discussion at the customer meeting. These rates are preliminary and subject to change based on information gathered at the customer meeting, further staff review, and the final decision by the Commission. The Utility's current, and staff's preliminary rates and charges, are as follows:

³Order No. PSC-2018-0243-FOF-SU, issued May 10, 2018, in Docket No. 20170142-SU, *In re: Application for amendment of Certificate No. 137-S for extension of wastewater service territory in Brevard County, by Merritt Island Utility Company, Inc.*

⁴Order No. PSC-08-0760-PAA-SU, issued November 17, 2008, in Docket No. 080104-SU, *In re: Application for staff-assisted rate case in Brevard County by Colony Park Utilities, Inc.*

	RATES AT TIME OF FILING	COMMISSION APPROVED INTERIM RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<u>Residential and General Service</u>				
Base Facility Charge by Meter Size				
5/8"X3/4"	\$10.91	\$11.50	\$16.66	\$0.08
3/4"	\$16.37	\$17.25	\$24.99	\$0.13
1"	\$27.28	\$28.75	\$41.65	\$0.21
1-1/2"	\$54.55	\$57.50	\$83.30	\$0.42
2"	\$87.28	\$92.00	\$133.28	\$0.68
3"	\$174.56	\$184.00	\$266.56	\$1.35
4"	\$272.75	\$287.50	\$416.50	\$2.11
6"	\$545.50	\$575.00	\$833.00	\$4.23
Charge per 1,000 gallons - Residential				
All Meter Sizes				
6,000 gallon cap	\$2.91	\$3.07	\$4.83	\$0.02
Charge per 1,000 gallons - General Service				
	\$3.49	\$3.68	\$5.80	\$0.03
<u>Bulk Service</u>				
Base Facility Charge - All Meter Sizes (120 ERCs)				
	\$1,309.20	\$1,380.00	\$1,999.20	\$10.15
Charge per 1,000 gallons - Bulk Service				
720,000 gallon cap	\$3.49	\$3.68	\$5.80	\$0.03
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>				
3,000 Gallons	\$19.64	\$20.71	\$31.15	
6,000 Gallons	\$28.37	\$29.92	\$45.64	
10,000 Gallons	\$28.37	\$29.92	\$45.64	

STAFF REPORTS AND UTILITY APPLICATION

The results of staff's preliminary investigation are contained in a staff report dated October 14, 2019. Copies of the report may be examined by interested members of the public at the following location:

Merritt Island Public Library
1195 N. Courtenay Parkway
Merritt Island, Florida 32953

PROCEDURES AFTER CUSTOMER MEETING

After the customer meeting, Commission staff will prepare a recommendation which is tentatively scheduled to be submitted to the Commission on February 20, 2020. The Commission is tentatively scheduled to vote on staff's recommendation at its March 3, 2020 Commission Conference. The Commission will thereafter issue a proposed agency action (PAA) order containing rates which may be different from those contained in staff's recommendation. Substantially affected persons have 21 days from the date that the PAA order is issued to protest the Commission's PAA order. Customers may obtain all documents in this docket, including staff's recommendation and the PAA order at the Clerk's Office "Dockets" page at the Commission's website: (<http://www.floridapsc.com/ClerkOffice/Docket>). Enter the docket

number (20190116) and select "Search" then select "Document Filings Index" to bring up all documents in the docket.

HOW TO CONTACT THE COMMISSION

Written comments regarding the Utility and the proposed rates, and requests to be placed on the mailing list for this case, may be directed to this address:

Director, Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence should refer to "**Docket No. 20190116-SU, Merritt Island Utility Company**" Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Florida Public Service Commission's email at clerk@psc.state.fl.us, or the Commission's website available at <https://secure.floridapsc.com/ClerkOffice/EfilingPublic>.

If you wish to contact the Commission regarding complaints about service, you may call the Commission's Office of Consumer Assistance and Outreach at the following toll-free number: 1-800-342-3552 or submit a complaint form online at <http://www.floridapsc.com/ConsumerAssistance/ComplaintForm>.

This notice was prepared by Commission staff for distribution by the Utility to its customers.