

MEMORANDUM

December 30, 1997

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DEC 30 1997

12:30
FPSC - Records/Reporting

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (FERGUSON) *CF* *AS*

RE: DOCKET NO. 971041-WS - APPLICATION FOR INCREASED SERVICE AVAILABILITY CHARGES IN LEE COUNTY BY GULF UTILITY COMPANY.

PSC-97-1620-FDF-WS

Attached is an ORDER APPROVING JACK AND BORE CHARGES, to be issued in the above-referenced docket.

(Number of pages in order - 6)

See 2, 3,

CF/lw

Attachment.

cc: Division of Water and Wastewater (Galloway, Fuchs, Rendell,

I:971041or.cf

CK - ACKS
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increased service availability charges in Lee County by Gulf Utility Company.

DOCKET NO. 971041-WS
ORDER NO. PSC-97-1620-FOF-WS
ISSUED: December 30, 1997

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA

ORDER APPROVING JACK AND BORE CHARGES

BY THE COMMISSION:

BACKGROUND

Gulf Utility Company (Gulf or utility) is a Class A utility which serves approximately 7,254 water customers and 2,584 wastewater customers in Lee County, Florida, according to its 1996 annual report. The utility also reported in its 1996 annual report, water revenues in the amount of \$2,153,240 and wastewater revenues in the amount of \$1,250,181. The utility is located in a water use caution area as designated by the South Florida Water Management District.

By Order No. PSC-96-0501-FOF-WS, issued April 11, 1996, an overearnings investigation was initiated by the Commission holding water revenues subject to refund. On June 27, 1996, Gulf filed an application for an increase in wastewater rates, approval of a decrease in water rates, and approval of service availability charges. Both the overearnings docket and the rate proceeding docket were combined.

By Order No. PSC-97-0847-FOF-WS, issued July 15, 1997, the Commission approved an increase in wastewater revenues of 10.06% and a decrease in water revenues of 10.64%. By the same order, the Commission approved plant capacity charges for the water and wastewater systems in the amount of \$550 and \$800, respectively.

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On July 30, 1997, the utility filed a Motion for Reconsideration of Order No. PSC-97-0847-FOF-WS. While various aspects of the order were under reconsideration by the utility's motion, the service availability charges were not under reconsideration.

However, on August 5, 1997, the utility submitted the present application requesting approval of a jack and bore charge, as part of its service availability policy. In its application, the utility states that "Gulf's current jack and bore rig is unable to perform many service installations due to the width of pavement that has to be crossed." The utility further states that some of these services have been contracted out at a loss to Gulf. Therefore, Gulf is proposing the charge be included in its tariff.

JACK AND BORE CHARGE

The utility requested that we approve its service availability tariff filing which proposed to include a jack and bore charge. Pursuant to Section 367.101, Florida Statutes, the Commission shall set just and reasonable charges and conditions for service availability. The utility has requested that a jack and bore charge be included as part of its service availability tariff for several reasons.

According to the utility, for certain new connections in an older area of its service territory, the utility must hire an outside company to perform the jack and bore service. The utility's current jack and bore rig is unable to adequately perform the service in that particular area due to the size of the road. The utility has indicated that while the lines are on one side of the road which serves this area, a connection may be on the opposite side of the road.

Therefore, when the connection is on the opposite side of the road, a larger jack and bore rig is required to extend the line under the road. Because of the size of the utility's current jack and bore rig, Florida's Department of Transportation has requested that the utility hire an outside company with an adequate jack and bore rig to perform the service to avoid damaging the road. The utility contends that while the service is not performed

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frequently, the costs associated with the service have been borne by the utility.

We have reviewed the filing and have considered the utility's proposed charges and the information filed in support of the application. Our staff has verified with several businesses which are both familiar with the service and perform such a service that their rate charged is similar to the one proposed by the utility. We believe that the proposed charge is fair, just, and reasonable. Further, under these circumstances, the utility shall be allowed to charge only the connections which require the utility to hire an outside company for the jack and bore service.

The residence served by the line requiring the jack and bore service described above is the sole beneficiary of the service. The utility indicated that in some instances the line may serve two residences. In that case, the jack and bore service costs would be shared by the two connections. The jack and bore costs should not be the responsibility of the utility since this service does not benefit the general body of ratepayers. The cost causer should pay the additional cost incurred by the utility. This approach is consistent with prior Commission decisions. See Orders Nos. PSC-97-0130-FOF-SU, PSC-97-0832-FOF-WU, and PSC-96-1147-FOF-WS.

After reviewing the tariffs filed on August 5, 1997, we find it appropriate to approve the service availability charges as filed. The utility shall implement jack and bore charges of \$625 for only those connections which require the utility to contract performance of the service with a capable entity (other than the utility) as requested by Florida's Department of Transportation. This charge shall be implemented for connections made after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code.

If a protest is filed within 21 days of the issuance of this Order, this tariff shall remain in effect with any increase held subject to refund pending resolution of the protest. In the event of such protest, we will address the appropriate security and this docket shall remain open. If no timely protest is filed, this docket shall be closed.

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Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the tariffs filed by Gulf Utility Company on August 5, 1997 requesting a jack and bore charge, are approved as filed. It is further

ORDERED that Gulf Utility Company shall implement jack and bore charges of \$625 for only those connections which require Gulf Utility Company to contract performance of the service with a capable entity. It is further

ORDERED that this tariff shall become effective for connections made after the stamped approval date of the tariff in accordance with Rule 25-30.475(2), Florida Administrative Code. It is further

ORDERED that if a timely protest is filed, the tariff shall remain in effect and the applicable revenues shall be 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.

By ORDER of the Florida Public Service Commission this
30th day of December, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

CF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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 action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32309-0850, by the close of business on January 20, 1998.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

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.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of

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Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.