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MAIL ROOM

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April 12, 1996

Director, Division of Records and Reporting 2540 Schumard Oak Boulevard Tallahassee, Florida 32399-0873

RE: Docket Number 960-257-WS, The Oaks at Deerwood Apartments.

Dear Director;

I am responding to the three questions that were raised by staff during the review for the application of exemption for The Oaks at Deerwood.

- The \$ 2.91 was a typed mistake, I have enclosed copies of attachments II and IV with the correct sewer usage rate of \$ 2.81 and the corresponding calculations.
- 2. The Oaks of Deerwood Apartment community compiles monthly occupancy and demographic statistics. The numbers used for this application were based upon the occupancy percentage and resident profiles as of October 16th, 1995. The occupancy and resident profile changes from month to month and we anticipate that the amount billed to the residents each month for water and sewer would also change. The Oaks at Deerwood records show occupancy was very high, at 97.9 % on October 16th 1995, so we anticipate the average billing to residents would be lower than presented in this application if the occupancy, and thus the water consumption, was lower.
- 3. This exact billing methodology, to my knowledge, has not been approved by the Public Service Commission anywhere in Florida. The methodology, for this application, has been arrived at from our discussions with various apartment owners and management companies. The basis for this methodology is that more residents live in a two bathroom apartment versus a one bathroom apartment and that water consumption as measured by the master meter (s) will change monthly as occupancy changes. When a definite fact such as the statistical data for occupancy in one and two bath apartment units can be documented, it is reasonable to assume that those same apartment occupants use a similar ratio of the water and sewer. It should be noted that the gross consumption, on the master bill, was reduced by five percent (5%) in order to compensate for any minor occupancy adjustments and common water usage DOCUMENT NUMBER-DATE

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also, the fixed charges for both water and sewer were spread evenly over all apartments.

This methodology will be explained to the residents prior to the resident signing his or her lease agreement. We will explain to the resident that their water and sewer bill will be tied to the consumption based upon the monthly occupancy of the community and the average number of residents inhabiting a one or two bathroom apartment. We will emphasize that conservation will result in a smaller water and sewer bill. Just the fact that the residents will now be responsible for their water and sewer costs should be enough incentive for them to reduce their water consumption.

Most residents can relate to a program that is fair and equitable. However, most residents question a program where each apartment is billed the same amount, regardless of the number of bathrooms in the apartment or the number of residents living in the apartment. A single person living in an apartment with one bathroom will certainly question a program if they are billed the same amount as, for example, a family of four living in an apartment with two bathrooms. This exact methodology is used for determining rents. An apartment with two baths has a greater value than an apartment with one bath. We know from our experience in the billing business that the gross consumption at the master meter is reduced by approximately twenty percent (20%) when the residents become responsible for their consumption.

Should you require any other information, please do not hesitate to contact me at your earliest convenience.

Sincerely;

Thomas J. Buehler

Regional Vice President

Enviro-check, Inc.

cc:

Pete Campfield Enviro-check File

ATTACHMENT II

The proposed water and sewer rates and charges for the tenants of the Oaks at Deerwood Apartment community will not exceed the current rates and charges of the City of Jacksonville Public Utilities Department (suppliers to the Oaks at Deerwood). This property is classified as multi-family and lies within the city limits. As part of the resellers rates and charges schedule, we propose the following for consideration.

WATER Minimum base charge

The City of Jacksonville Utilities charges their multi-family users a base charge for water according to meter size. There are two six inch dual range service meters, each meter has a fixed base charge of \$ 209.20 or a total of \$ 418.40. By dividing the total number of apartment units (336) into the \$ 418.40 results in a \$ 1.25 per unit base charge, this would then be considered the minimum water base charge per apartment.

Metered consumption

There is no minimum or maximum usage. All consumption is measured in 100 cubic feet (ccf's)at a rate of \$ 0.58 per ccf of usage. There is a Utility tax of ten percent (10%) on all metered water consumption and the base water meter charge.

SEWER Minimum base charge

The City of Jacksonville Utilities charge their sewer users a base charge according to meter size. There are two six inch service meters, each meter has a base charge of \$ 165.50 or a total of \$ 331.00. By dividing the total number of apartments units(336) into the \$ 331.00 results in a \$ 0.99 per unit base charge. This would then be considered the minimum base charge for sewer per apartment.

Metered consumption

There is no minimum or maximum usage. The charge for all sewer is at \$ 2.81 per ccf of usage. There is no utility tax on sewer charges.

ATTACHMENT IV

Typical Rate Schedule

Below is an actual billing received from The City of Jacksonville Utilities for The Oaks at Deerwood apartments and the resulting sample individual tenant bill. The actual bills are enclosed as exhibit 'A'.

Actuals

- 1. Total consumption from two master meters = 218,100 cf
- 2. $218,100 \times .95 = 207,195$ cf for allocation
- Base charges for water & sewer are divided by the total number of apartments (336).
- Allocated consumption is divided by the total number of residents (457) in all 336 apartments units.
- 5. The Oaks at Deerwood contains 196 one bath units and 140 two bath units. Lease statistics show that the average number of residents in a one bath unit are 1.14 persons and the average in a two bath unit are 1.67 persons.
- Utility tax is applied to water consumption and water base charges.

The Oaks at Deerwood Meter Bills

| IVACUCA W A | Consumption 03, | 400 cu. it. | |
|-------------|-----------------|-------------|----------------------|
| Meter # 1 | Water charge | \$ 692.92 | (includes base chg.) |
| | Sewer charge | 2,509.04 | (includes base chg.) |
| | Public Ser. Tax | 69.29 | |

Public Ser. Tax 69.29 Total Bill \$3,271.25

Meter # 2 Consumption 134,700 cu.ft.

Meter # 1 Consumption 83 400 cu ft

Meter # 2 Water charge \$ 990.46 (includes base chg.)
Sewer charge 3,950.57 (includes base chg.)
Public Ser Tax 99.05

Total of Meters #1 & #2

\$ 8,311.33

Individual tenant bills (one and two bathrooms)

Basis of calculations:

- The base charge for both water and sewer is divided by the total number of apartments (336) and assigned to each apartment as the monthly fixed charge.
- The consumption is divided by the total number of residents (457).

ATTACHMENT IV

(continued)

- 3. The Oaks at Deerwood contains:
 - 196 one bathroom apartments w/an avg. occupancy of 1.14 residents 140 two bathroom apartments w/an avg. occupancy of 1.67 residents
- 4. The total fixed charge for water is \$ 418.40 and sewer is \$ 331.00 or a total of \$ 749.40. Divide \$ 749.40 by the 336 apartments = \$ 2.23 per apartment per month.
- 5. The total consumption of 218,100 cu. ft. is reduced by 5% to 207,195 cu. ft. and divided by total number of residents (457) or 2071.95 divided by 457 = 4.53 ccf per resident.

Using these guide lines for calculations the various apartment bathroom configurations would be billed accordingly. Each one bathroom unit would be billed for water at 4.53 ccf x 1.14×0.58 and for sewer, $4.53 \text{ ccf x } 1.14 \times 2.81$. Each two bathroom unit would be billed for water at $4.53 \text{ ccf x } 1.67 \times 0.58$ and for sewer at $4.53 \text{ ccf x } 1.67 \times 2.81$.

The individual apartments would be billed as follows:

| One bathroom | Fixed charge | \$ 2.23 | (water and sewer) |
|--------------|--------------|---------|-------------------|
| | Water charge | 2.99 | |
| | Tax | .52 | |
| | Sewer | 14.50 | |
| | Total bill | | \$ 20.24 |
| Two bathroom | Fixed charge | \$ 2.23 | (water and sewer) |
| | Water charge | 4.39 | |
| | Tax | .66 | |
| | Sewer | 21.27 | |
| | Total bill | | \$ 28.55 |
| | | | |

Accountability

| 196 one bathrooms $x $ 20.24 =$ | \$ 3,967.04 | |
|---------------------------------|-------------|-------------|
| 140 two bathrooms x \$ 28.55= | 3,997.00 | |
| Total all apartments | | \$ 7,964.04 |
| Total of master bills | | 8,311.33 |

Total resident bills do not exceed the total master metered bills.