

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for approval) DOCKET NO. 941338-SU
of revised service availability) ORDER NO. PSC-95-0710-FOF-SU
charges in Collier County by) ISSUED: June 12, 1995
FLORIDA CITIES WATER COMPANY -)
Golden Gate Division)
_____)

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION

ORDER DENYING TARIFF TO MODIFY SERVICE AVAILABILITY

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Florida Cities Water Company, Golden Gate Division, (FCWC or utility) is a Class A utility that provides water and wastewater service in Collier County. As of September 30, 1994, the test year for this proceeding, the utility was serving 2,571 water customers about 4,100 equivalent residential connections (ERCs) and 1,873 wastewater customers (approximately 3,400 ERCs). The Golden Gate system serves an area that has been designated by the South Florida Water Management District as a critical use area. During the twelve months ended September 30, 1994, the utility received operating revenues of \$1,319,900 for water service and \$1,190,060 for wastewater service. The corresponding income amounts were \$271,645 and \$269,749, respectively, for water and wastewater service.

On December 27, 1994, the utility filed an application for authority to increase its plant capacity charge for wastewater service pursuant to Section 367.101, Florida Statutes. The filing

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fee was paid on December 29, 1994, which was designated the official filing date for this proceeding pursuant to Section 367.083, Florida Statutes. The utility's current plant capacity fees were established in Order No. 20537, issued December 29, 1988.

The utility requested approval of a \$1,100 plant capacity charge per ERC. The utility calculated that its proposed charge would yield a pro rata portion of the cost of treatment plant facilities, determined as of July 31, 1995, when completion of certain plant improvements was expected. The plant's capacity will be expanded from 750,000 gallons per day (gpd) to 950,000 gpd, the treatment process will be converted from extended aeration to contact stabilization, and other equipment will be added to meet the Class III requirements of the Department of Environmental Protection (DEP).

We have reviewed this application for increased service availability charges in coordination with an examination of the utility's pending request for a general rate increase in Docket No. 941108-WS.

SERVICE AVAILABILITY CHARGES REQUESTED

The utility requested that we approve collection of a \$1,100 plant capacity charge for wastewater service, which would replace the existing \$431 charge. This is represented on Schedule No. 1. The utility is currently expanding the capacity of its wastewater treatment plant from 750,000 gpd to 950,000 gpd, while also making other improvements to its wastewater treatment process. The company explained that the overall investment in treatment facilities, divided by the available capacity, would yield a \$1,100 charge per ERC.

On September 30, 1994, the utility's wastewater system was 51 percent contributed (net CIAC to net plant). When the scheduled improvements are complete, the wastewater plant's capacity will be 950,000 gpd. Based upon a 250 gpd standard per residential connection, the plant will serve 3,800 ERCs. Historical records indicate that the wastewater system's average growth is about 60 connections per year. If that growth continues, the wastewater plant will reach full capacity in about six years. The utility reported that a \$1,100 plant capacity charge would likely yield a 53 percent contribution level at full capacity. Absent approval of an increased charge, the utility's CIAC ratio for wastewater service would be reduced.

Based upon information presented in this application, augmented by further details produced in Docket No. 941108-WS, we

find that FCWC is correct in its assessment that the plant utility's capacity charge should be increased. However, we find the utility's contention that its \$1,100 proposed charge represents a pro rata portion is incorrect in one respect. That error concerns inclusion of a \$293,680 installation cost for a force main, which item is typically considered when the utility's main extension charge is examined. The utility currently collects a \$1,294 main extension charge from customers who reside in those portions of its service area where wastewater collection facilities have been installed. If customers already pay a proportionate amount for installation of lines, inclusion of main extension costs in the plant capacity charge can create a duplicate payment condition. Therefore, we find that a plant capacity charge of \$1,040 is appropriate.

Attached to this Order are schedules that illustrate the basis for our finding. Those schedules show that collection of the \$1,040 plant capacity charge, together with a \$1,294 line extension charge, or \$2,334 per connection, will yield a 52 percent contribution level in 2001, assuming historical growth continues. If the existing charge is retained, the contribution level will fall from 51 percent to 47 percent. These schedules also demonstrate that a pro rata portion of the investment in treatment plant facilities is \$1,040. The difference concerns removal of costs associated with installation of force main facilities. Therefore, we hereby deny FCWC's application to modify its service availability charges.

If the utility files revised tariff sheets within thirty days of the effective date of this Order, which accurately reflect our decision herein, as shown in Schedule No. 1, staff shall be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with our decision herein. If revised tariff sheets are filed and approved, the service availability charges shall become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

If no timely protest is filed, this docket shall remain open for thirty days from the effective date of the Order to allow the utility time to file revised tariff sheets.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the tariffs filed on December 28, 1994, by Florida Cities Water Company, Golden Gate Division, containing modified service availability charges, are denied. It is further

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ORDERED that all matters contained in the body of this Order and in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that if Florida Cities Water Company, Golden Gate Division elects to file revised tariff sheets within thirty days of the effective date of this Order that accurately reflect the service availability charges shown in Schedule No. 1 of this Order, Staff shall have administrative authority to approve the revised tariff sheets upon verifying that the tariffs in fact accurately reflect the service availability charges set forth herein. It is further

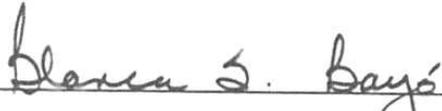
ORDERED that if Florida Cities Water Company, Golden Gate Division files revised tariff sheets accurately reflecting the decision herein, Staff shall approve the revised tariff sheets administratively. It is further

ORDERED that, if the revised tariff sheets are filed and approved, the service availability charges shall become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed. It is further

ORDERED that if no timely protest is filed, this docket shall remain open for thirty days from the effective date of this Order to allow Florida Cities Water Company, Golden Gate Division time to file revised tariff sheets.

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By ORDER of the Florida Public Service Commission, this 12th
day of June, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 03, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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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 and effective on the date described above, any party substantially 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 effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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Schedule No. 1

Florida Cities Wastewater Company
Golden Gate Division
Wastewater System

	<u>Utility's Present</u>	<u>Utility's Requested</u>	<u>Commission Approved</u>
<u>Plant Capacity Charge</u> Equivalent Residential Connection (ERC=250gpd)	\$ 431	\$1,100	\$1,040
All others per gallon	\$1.725	\$ 4.40	\$ 4.14

SCHEDULE NO. 2

Service Availability Charge Worksheet		
Utility:	Florida Cities - Golden Gate	
Docket:	941338-SU	
Test Year:	9/30/94	
System:	Wastewater	
	Present	Buildout
Gross Book Value	6,560,820	8,870,754
Land	180,896	180,896
Depreciable Assets	6,379,924	8,689,858
Accumulated Depreciation To Date	1,863,135	
Accumulated Depreciation At Design Capacity		4,913,275
Net Plant At Design Capacity		3,957,479
Transmission & Distribution/Collection Lines	2,942,098	3,476,717
Minimum Level Of CIAC (CIAC = Lines)	44.84%	39.19%
CIAC To Date	3,094,120	
Accumulated Amortization Of CIAC To Date	716,003	
Net CIAC To Date	2,378,117	
Level Of CIAC To Date	50.62%	
Accumulated Amortization of Present CIAC at Design Capacity		1,802,039
Current Number of ERCs	3,408	
Future Customers (ERCs) To Be Connected	392	
Projected Total ERCs	3,800	
Composite Depreciation Rate	5.40%	
Composite C.I.A.C. Amortization Rate	5.40%	
Number Of Years To Design Capacity	6.5	
Existing Service Availability Charge Per ERC		1,725
Level Of CIAC At Design Capacity		46.74%
Net CIAC At Design Capacity		1,849,608
Requested Service Availability Charge Per ERC		2,334
Level Of CIAC At Design Capacity		51.71%
Net CIAC At Design Capacity		2,046,439
Minimum Service Availability Charge Per ERC		801.27
Level Of CIAC At Design Capacity		39.19%
Net CIAC At Design Capacity		1,551,056
Maximum Service Availability Charge Per ERC		5,185.67
Level Of CIAC At Design Capacity		75.00%
Net CIAC At Design Capacity		2,968,109
LAST UPDATE	03-May-95	

SCHEDULE NO. 3

<u>Comparative Investment and CIAC Provisions</u>			
<u>Gross Plant Investment</u>		<u>Present</u>	<u>Buildout</u>
Gross Plant Total		6,560,820	8,870,754
ERCs		3,408	3,800
Average plant investment per ERC		<u>1,925</u>	<u>2,334</u>
<u>Transmission and Distribution/Collection Plant</u>			
ERCs		3,408	3,800
Average plant investment per ERC		<u>863</u>	<u>915</u>
<u>Contributions in Aid of Construction</u>		<u>Present</u>	<u>Growth</u>
Amount - current CIAC	3,094,120	676,200	3,770,320
#customers	<u>3,408</u>	<u>392</u>	<u>3,800</u>
average CIAC per customer	<u>908</u>	<u>1,725</u>	<u>992</u>
Amount - requested/proposed CIAC	3,094,120	914,928	4,009,048
#customers	<u>3,408</u>	<u>392</u>	<u>3,800</u>
average CIAC per customer	<u>908</u>	<u>2,334</u>	<u>1,055</u>
Amount - minimum CIAC	3,094,120	314,099	3,408,219
#customers	<u>3,408</u>	<u>392</u>	<u>3,800</u>
average CIAC per customer	<u>908</u>	<u>801</u>	<u>897</u>
Amount - 75% CIAC condition	3,094,120	2,032,781	5,126,901
#customers	<u>3,408</u>	<u>392</u>	<u>3,800</u>
average CIAC per customer	<u>908</u>	<u>5,186</u>	<u>1,349</u>
<u>Review of Relative Plant/CIAC at Buildout</u>		<u>Current</u>	<u>Proposed</u>
Gross Plant		8,870,754	8,870,754
Accumulated Depreciation		<u>(4,913,275)</u>	<u>(4,913,275)</u>
Net Plant		3,957,479	3,957,479
CIAC		(3,770,320)	(4,009,048)
Accumulated Amortization		<u>1,920,712</u>	<u>1,962,609</u>
Net CIAC		<u>(1,849,608)</u>	<u>(2,046,439)</u>
Net Investment		<u>2,107,871</u>	<u>1,911,040</u>
Net CIAC Ratio		46.74%	51.71%
<u>Investment in Treatment Plant</u>		<u>Sewer</u>	
9/94 investment (p. 12)		2,527,518	
test year additions (MFR page 14)		1,423,363	
force main		0	
adjusted gross plant investment		<u>3,950,881</u>	
capacity	950,000		
investment per gallon			<u>4.1588</u>
usage per customer	250		
potential customers	3,800		
Pro Rata Charge			<u>1.040</u>