



Public Service Commission

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S.M. PR YAS BL

DATE: NOVEMBER 19, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER AND WASTEWATER (GILCHRIST, GOLDEN, RIEGER) *SR*
DIVISION OF LEGAL SERVICES (MCRAE, GERVASI) *S.M. PR YAS BL*

RE: DOCKET NO. 981284-WU - REQUEST BY FLORIDA WATER SERVICES CORPORATION FOR APPROVAL OF TARIFF FILING TO PROVIDE RECLAIMED WATER SERVICE IN DELTONA SERVICE AREA IN VOLUSIA COUNTY.
COUNTY: VOLUSIA

AGENDA: DECEMBER 1, 1998 - REGULAR AGENDA - SUSPENSION OF TARIFF-INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: DECEMBER 7, 1998

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\981284.RCM

CASE BACKGROUND

Florida Water Services Corporation (FWS or utility) is a Class A utility providing water and wastewater service to approximately 82,146 and 43,498 customers, respectively. According to its 1997 annual report, the utility reported gross operating revenues of \$24,700,393 and \$21,712,957 for water and wastewater, respectively, and net operating income of \$7,047,386 for water and net operating income of \$8,549,315 for wastewater.

On October 8, 1998, pursuant to Section 367.091(4), Florida Statutes, the utility filed a petition requesting Commission approval to implement a tariff reflecting rates and charges for a new class of service to provide reclaimed water in the Deltona service area. In support of its request, and in accordance with Rule 25-9.005(4), Florida Administrative Code, and Sections

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367.091(4)and(5), Florida Statutes, the utility provided: a statement of purpose for the new service; the estimated revenues that will be derived from the new service and the estimated number of customers to be served; cost justification for the proposed rates and charges; and the tariff sheets reflecting the proposed rates and charges. FWS has acquired a written agreement with the Developer to provide reclaimed water service for use only on the common areas of the development at the rate of \$.54 per thousand gallons, subject to Commission approval. A copy of the agreement between the utility and the Developer was provided with the filing.

As required by Section 122-185 of Volusia County Ordinance No. 96-15, several new residential developments have installed dual piping systems to accommodate reclaimed water service. These developments are located along and near the utility's existing reclaimed water transmission pipelines. The homeowners in these subdivisions desire reclaimed water service for irrigation use as a substitute for irrigating their landscapes with potable water. The utility indicated that the homeowners also desire to obtain reclaimed water service for their landscaping needs at the rate of \$.54 per thousand gallons. The utility acknowledges that the homeowners have the option of accepting reuse and the utility understands that it does not have the authority to force the customers to accept their reuse service.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Water Services Corporation's proposed tariff reflecting the rates and charges for new class of service to provide reclaimed water in the Deltona service area be suspended?

RECOMMENDATION: Yes, Florida Water Services Corporation's proposed tariff reflecting the rates and charges for new class of service to provide reclaimed water in the Deltona service areas should be suspended pending further investigation by staff. (GILCHRIST, GOLDEN, RIEGER)

STAFF ANALYSIS: Pursuant to Section 367.091(5), Florida Statutes, the rate schedules proposed by the utility shall become effective within sixty (60) days after filing, unless the Commission votes to withhold consent to the implementation of the requested rates. Section 367.091(5), Florida Statutes, states that the Commission may withhold consent to the operation of any or all portions of new rate schedules, by a vote to that effect within 60 days giving a reason or statement of good cause for withholding that consent. If the Commission does not withhold consent, the proposed tariff may be assumed in effect after 60 days.

Staff has reviewed the filing and has considered the utility's proposed rates and the information filed in support of the request. We believe it is reasonable and necessary to require further amplification and examination of the data supplied by the utility.

Therefore, staff recommends that the proposed tariff sheets which request a new class of service be suspended pending further discovery by staff.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No, this docket should remain open pending further Commission action on the utility's request to implement a tariff to provide reclaimed water service. (MCRAE, GERVASI)

STAFF ANALYSIS: This docket should remain open pending further Commission action on FWS's request to implement a tariff to provide reclaimed water service.