

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF STAFF WORKSHOP

TO

WATER AND WASTEWATER UTILITIES

AND

ALL INTERESTED PERSONS

RE: UNDOCKETED

SECOND WORKSHOP ON REUSE OF RECLAIMED WATER

ISSUED: July 12, 1999

NOTICE is hereby given that the Staff of the Florida Public Service Commission will conduct a workshop, in the above-referenced matter, to which all persons are invited, at the following time and place:

Thursday, July 29, 1999, 10:00 a.m.
Betty Easley Conference Center, Room 152
4075 Esplanade Way
Tallahassee, Florida

PURPOSE

The purpose of this workshop is to further discuss the regulatory and ratemaking issues involved in the provision of reuse service by water and wastewater utilities regulated by the Florida Public Service Commission. A first workshop was held in this matter on July 7, 1998. The workshop will continue to explore the need for future statutory and/or rulemaking changes to effect regulatory policy. Commissioners may be in attendance at this workshop.

Persons who wish to comment but cannot attend the workshop, are encouraged to file comments with the Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida,

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32399-0850, on or before July 15, 1999, specifically referencing "Undocketed Workshop on Reuse of Reclaimed Water."

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the workshop. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

General Information

The purpose of this workshop is to discuss the regulatory and ratemaking issues involved in the provision of reuse service by water and wastewater utilities regulated by the Florida Public Service Commission. The workshop will explore the need for future statutory and/or rulemaking changes to effect regulatory policy. Participants are encouraged to share their ideas and concerns about the current method of treatment afforded the utilities and to discuss alternatives to the current treatment. The following questions are posed in order to focus the direction of the workshop in an organized manner.

Topics for Discussion

Topics for discussion include the definition of reuse for ratemaking purposes, the establishment of reuse territory, the establishment of a separate revenue requirement for reuse service, used and useful considerations for reuse plant, and whether specific changes/modifications should be made to Section 367.0817, Florida Statutes, concerning reuse project plans.

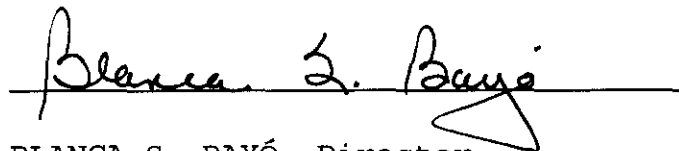
A summary of Commission staff's recommendations with regard to these topics is attached to this Notice as Attachment A. A complete copy of the Commission staff report entitled "Reuse - Ratemaking Treatment and Service Territory," which will form the basis for discussion for this workshop, may be obtained by writing to JoAnn Chase, Division of Water and Wastewater, at the address previously noted.

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JURISDICTION

Jurisdiction is vested in this Commission pursuant to Chapter 367, Florida Statutes. The workshop will be governed by the provisions of that Chapter and Chapters 25-22 and 25-30, Florida Administrative Code.

By DIRECTION of the Florida Public Service Commission, this 12th day of July, 1999.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line. The signature is positioned above the typed name and title.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

RG

ATTACHMENT A

SUMMARY AND CONCLUSION

(From Staff Report entitled "Reuse -
Ratemaking Treatment and Service Territory)

The Legislature has recognized the benefit of reuse to the State of Florida and enacted provisions in the governing statutes for the DEP, WMDs and the Commission to encourage and promote its use. The Commission's charge is to identify reuse issues related to its jurisdiction and establish policies that are consistent with the statewide goals, while mitigating the impact on water and wastewater rates. Staff believes the Commission should seek statutory revisions to adopt the definitions of reuse and related terms used by the DEP and WMDs, and also adopt terms related to the establishment of reuse territory for regulated water and wastewater utilities.

To be consistent with the direction from the Legislature and the Courts, all prudent reuse plant and facilities must receive 100% used and useful treatment for ratemaking purposes. Staff believes the Commission should seek legislative changes to ensure some reasonable oversight of the type and size of a reuse project to be recovered in rates. That legislative change could be either to require utilities to request prior approval from the Commission for reuse projects, or to require utilities in rate proceedings to provide documentation from the DEP and WMD that the agencies attest that the project meets the definition of reuse and identifies the beneficial purpose of the reuse program.

Staff also believes the Commission should seek statutory changes to: define certain aspects of Section 367.0817, Florida Statutes, on reuse project plans; clarify its authority to establish a reuse availability fee; require a separate revenue requirement for reuse facilities; and clarify that when a county takes back jurisdiction of private utilities pursuant to Section 367.171(6), Florida Statutes, it must adopt Section 367.0817, Florida Statutes, regarding reuse project plans.

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Further, the Commission should initiate rulemaking with regard to reuse service to: delineate filing requirements in rate cases related to reuse plant; establish MFRs for reuse project plans; require reuse service availability policies; establish filing requirements for the identification of reuse service territory; and revise a number of rules in order to clarify how the rule would apply to reuse service.

Finally, staff believes that the existing memoranda of understanding (MOUs) between the Commission and the DEP and WMDs should be revised to address how the agencies will coordinate their various responsibilities with regard to reuse service in order to encourage the provision of reuse to the greatest extent practical, while also considering the cost of the service and the impact on water and wastewater ratepayers. Such coordination could include early involvement of the PSC staff in the decision of whether it is prudent or cost effective for a utility to implement reuse as a means of effluent disposal, the prudent sizing of reuse facilities prior to the construction, the timing of the availability of reuse, the identification of potential end users (reuse territory) and the rates for potential reuse customers. Staff from both the DEP and WMDs have expressed interest in updating the MOUs to clarify how we can work closer together on these matters, both in our reuse workshop and in various meetings with the Reuse Coordinating Committee, which is comprised of staff from the three agencies as well as some other state agencies. If the Commission agrees that this should be explored, staff will initiate meetings with staff from the DEP and WMDs to begin discussions of specific changes that can be incorporated into the MOUs.