

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: July 25, 2003
TO: All Parties of Record and Interested Persons *PS*
FROM: Rosanne Gervasi, Senior Attorney, Office of the General Counsel
RE: Docket No. 020745-SU - Application for certificate to provide wastewater service in Charlotte County by Island Environmental Utility, Inc.

Attached to this memorandum is the second draft of the list of issues for the above-referenced docket. These are the issues which were identified and discussed at the issue identification meeting held on July 16, 2003.

RG/dm

Attachment

cc: Division of the Commission Clerk and Administrative Services

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

SECOND DRAFT OF ISSUES FOR DOCKET NO. 020745-SU
APPLICATION FOR CERTIFICATE TO PROVIDE WASTEWATER SERVICE
IN CHARLOTTE COUNTY
BY ISLAND ENVIRONMENTAL UTILITY, INC.

ISSUE 1: Is there a need for service in Island Environmental Utility, Inc.'s (IEU or applicant) proposed service territory and, if so, when will service be required?

Evidence showing the proposed service territory, requests to the applicant for service in the proposed territory, the nature of the proposed development (number and types of anticipated customers), proof of when service is needed, and steps taken to begin development (executed agreement for purchase of bulk wastewater service, applications for permits to lay subaqueous lines under sovereign waters, for DEP construction permits, for amendment(s) to local comp plan, and for local building permits).

ISSUE 2: Is IEU's application inconsistent with Charlotte County's comprehensive plans?

Statement from DCA, copy of relevant portions of comp plan, including any pending amendments thereto, and evidence showing how application is consistent or inconsistent with comp plans.

ISSUE 3: Will the certification of IEU result in the creation of a utility which will be in competition with, or duplication of, any other system within geographical proximity to the proposed service area?

Evidence in the form of map(s) showing the location of the applicant's and any other utility with existing wastewater facilities within geographical proximity to the proposed service area.

Evidence showing the current maximum day capacity and demand of any utility's system within geographical proximity and the maximum day demand anticipated in the proposed service area.

Evidence showing steps taken to determine if any utility within geographical proximity is willing and able to serve.

ISSUE 4: Can the public be adequately served by modifying or extending a current wastewater system?

Note that Section 367.045(5)(a), Florida Statutes, authorizes the Commission to deny an application for a certificate of authorization for a new "Class C" wastewater system if the public can be adequately served by modifying or extending a current wastewater system.

ISSUE 5: Does IEU have the financial ability to serve the requested territory?

Current balance sheet and income statement for the applicant or entity upon which the applicant is relying for financing and statement regarding continued financial support in the early years of the utility.

ISSUE 6: Does IEU have the technical ability to serve the requested territory?

Evidence showing the applicant's prior experience providing water service, qualifications of existing or proposed operators and managers, and compliance history with DEP and WMD.

ISSUE 7: Has IEU contracted for sufficient wastewater plant capacity to serve the requested territory?

Evidence, including an explanation of the basis, of Englewood's permitted maximum capacity (DEP permits, DEP inspections, construction permits) and the anticipated maximum day demand for the proposed service area.

ISSUE 8: Is it in the public interest for IEU to be granted a wastewater certificate for the territory proposed in its application?

Based on the evidence on all the preceding issues.

ISSUE 9: What is the appropriate return on equity for IEU?

A copy of the Commission order establishing the equity leverage formula at the time of the Commission's vote or evidence supporting the use of a different return on equity.

ISSUE 10: What are the appropriate wastewater rates and charges for IEU?

A cost study showing the basis for the applicant's projected investment, CIAC, capital structure, return on investment, expenses, and customer growth and demand at 80% of design capacity, a revenue proof, and tariff reflecting the proposed rates and charges for wastewater service.

ISSUE 11: What are the appropriate service availability charges for IEU?

A cost study showing the basis for the applicant's proposed service availability policy and charges and tariffs reflecting the proposed policy and charges.

ISSUE 12: What is the appropriate allowance for funds used during construction (AFUDC) rate for IEU?

Evidence showing the applicant's capital structure, cost rates and weighted average cost of capital.