

## FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of SPRINGS ) DOCKET NO.: 891191-SU  
 ENVIRONMENTAL SYSTEMS, INC. for ) ORDER NO. 23939  
 approval of modification of service ) ISSUED: 12-27-90  
 availability charges in Lee County )  
 \_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 GERALD L. GUNTER

NOTICE OF PROPOSED AGENCY ACTIONORDER INCREASING SERVICE AVAILABILITY CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature, and as such, 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.

CASE BACKGROUND

Springs Environmental Systems, Inc., (SES or utility) is a Class C wastewater utility currently serving approximately 314 customers in a rapidly growing area of Lee County known as Bonita Bay. The utility was granted its original wastewater certificate by Order No. 14981, issued September 23, 1985. The same order set the utility's existing service availability charges and monthly service rates.

On October 13, 1989, SES filed the instant application for an increase in its service availability charges. The application met the minimum filing requirements and noticing requirements of Rule 25-30.565, Florida Administrative Code. However, we requested additional information on November 20, 1989, and received a response on April 26, 1990.

By Proposed Agency Action Order No. 23199, issued July 16, 1990, the Commission approved an increase in the utility's service

DOCUMENT NUMBER-DATE

11372 DEC 27 1990

PSC-RECORDS/REPORTING

ORDER NO. 23939  
DOCKET NO. 891191-SU  
PAGE 2

availability charges, but the approved charges were higher than those which the utility had requested in its application. On August 6, 1990, the utility and Westinghouse Bayside Communities, Inc., (Westinghouse) filed protests to Order No. 23199, so the approved service availability charges never went into effect.

Westinghouse argued, primarily, that the Commission ignored or contravened Rule 25-30.580, Florida Administrative Code, by treating the guideline maximum 75 percent contributions-in-aid-of-construction (CIAC) level as mandatory. The utility protested on the grounds that a new operating permit issued by the Department of Environmental Regulation (DER) allows it to make a substantially larger number of connections than previously, thus decreasing the amount needed for service availability charges. On October 12, 1990, the utility filed a revised petition and a revised accounting and financial exhibit reflecting reduced charges in light of the increased connections allowed by the DER.

Accordingly, we have made revised calculations based on the new DER permit and the revised financial schedules filed by the utility. Both Westinghouse and the utility have represented that the service availability charges set forth in this Order are an acceptable resolution to their respective protests.

#### SERVICE AVAILABILITY CHARGES

Currently, Springs Environmental Systems, Inc., has a 0.4 million gallons per day (MGD) wastewater treatment plant in service. The previous DER permit for each residential connection was 250 gallons per day (GPD). The capacity of the plant, then, was 1,600 equivalent residential connections (ERCs). However, the new DER operating permit reduces the gallonage amount for each ERC from 250 GPD to 175 GPD. Considering the active customers and corresponding water consumption bills, we believe that 175 GPD per ERC is reasonable. We therefore shall consider the capacity of this wastewater treatment plant to be 2286 ERCs. The utility shall submit a revised tariff sheet within thirty days of the date of this Order reflecting a daily flow of 175 GPD for each residential ERC.

As previously indicated, the new DER permit substantially increased the allowed number of connections to the utility's existing treatment plant. Whereas the service availability charges proposed in Order No. 23199 were based on a total of 1,600 ERCs, we

ORDER NO. 23939  
DOCKET NO. 891191-SU  
PAGE 3

may now recalculate the charges based on the 2,286 ERCs now allowed by DER.

The utility's current plant capacity and main extension charges are \$380 and \$390, respectively. The utility's revised financial schedules reflect that the full design capacity of 2,286 ERCs will be reached in 1996 and that a plant capacity charge of \$872 and a main extension charge of \$462 will be needed to achieve a 75% CIAC contribution level at build-out. Aside from accounting for the new DER permit, the only difference between the original and revised financial schedules is that more lines will be contributed by developers through 1996 due to the additional connections. Total treatment capacity of 400,000 GPD remained the same in both filings.

After reviewing the revised financial schedules, we have made corrections to the depreciation and CIAC amortization rates used by the utility. Also, the utility incorrectly computed the proportion of the total service availability charge which should be recovered from the main extension versus the plant capacity element. Our calculations are reflected in Schedules Nos. 1 through 3, attached hereto and by reference incorporated herein. Based on these revised computations, we find that a plant capacity charge of \$650 and a main extension charge of \$650 are appropriate. These charges will cause the utility to achieve a 75% CIAC contribution level at design capacity. The charges approved herein shall be effective for connections made on or after the stamped approval date on the revised tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the revised application of Springs Environmental Systems, Inc., for a modification in service availability charges in Lee County is approved as set forth in the body of this Order. It is further

ORDERED that the provisions of this Order issued as proposed agency action shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDER NO. 23939  
DOCKET NO. 891191-SU  
PAGE 4

ORDERED that the service availability charges which Springs Environmental Systems, Inc., shall charge are those set forth in the body of this Order. It is further

ORDERED that the utility shall submit revised tariff pages reflecting the charges and capacity per ERC approved herein within thirty (30) days of the date of this Order. It is further

ORDERED that, if this Order becomes final, the service availability charges approved herein shall be effective for connections made on or after the stamped approval date on the revised tariff pages.

ORDERED that this docket will be closed upon the expiration of the protest period if no timely protest is filed.

By ORDER of the Florida Public Service Commission this 27<sup>th</sup>  
day of DECEMBER, 1990.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

MF

ORDER NO. 23939  
DOCKET NO. 891191-SU  
PAGE 5

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 16, 1991.

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.

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 adversely 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 sewer 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.

ORDER NO. 23939  
DOCKET NO. 891191-SU  
PAGE 6

SPRINGS ENVIRONMENTAL SYSTEMS, INC.  
DOCKET NO: 891191-SU  
SCHEDULE OF NET INVESTMENT - SEWER SYSTEM

SCHEDULE 1

PLANT CAPACITY CHARGE = 650 PER ERC  
MAIN EXTENSION CHARGE = 650 PER ERC

	12/90	12/91	12/92	12/93	12/94	12/95	12/96
CAPACITY-ERCs	2,286	2,286	2,286	2,206	2,286	2,286	2,286
DEMAND-ERCs	844	1,075	1,306	1,537	1,768	1,999	2,286
% USED	37%	47%	57%	67%	77%	87%	100%
GROWTH-ERCs	0	231	231	231	231	231	287
UTILITY PLANT ACCUMULATED DEPR.	5,110,173 (554,580)	5,493,080 (802,143)	5,580,310 (1,058,850)	5,719,270 (1,319,957)	5,842,346 (1,586,160)	5,842,346 (1,854,757)	5,842,346 (2,123,354)
NET PLANT	4,555,593	4,690,937	4,521,460	4,399,313	4,256,186	3,987,589	3,718,992
CIAC ACCUMULATED AMORT.	(890,941) 87,009	(1,574,148) 143,501	(1,961,678) 222,094	(2,400,938) 318,520	(2,824,314) 433,405	(3,124,614) 564,318	(3,497,714) 710,786
NET CIAC	(803,932)	(1,430,647)	(1,739,584)	(2,082,418)	(2,390,909)	(2,560,296)	(2,786,928)
NET INVESTMENT	3,751,661	3,260,290	2,781,876	2,316,895	1,865,277	1,427,293	932,064
CIAC RATIO	18%	30%	38%	47%	56%	64%	75%
NET INVESTMENT PER ERC	1,641	1,426	1,217	1,014	816	624	408

ORDER NO. 23939  
DOCKET NO. 891191-SU  
PAGE 7

SPRINGS ENVIRONMENTAL SYSTEMS, INC. SCHEDULE 2  
DOCKET NO: 891191-SU  
SCHEDULE OF PLANT AND ACCUMULATED DEPRECIATION - SEWER SYSTEM

PLANT CAPACITY CHARGE = 650 PER ERC  
MAIN EXTENSION CHARGE = 650 PER ERC

	UTILITY PLANT	RATE	ACCUMULATED DEPR.	ANNUAL DEPR.
Plant	4,992,005	4.81%	(554,580)	(240,115)
Land	118,168	0.00%		0
12/90 Balance	5,110,173		(554,580)	(240,115)
12/91 Additions CIAC LINES	382,907	3.89%	(7,448)	(14,895)
12/91 Balance	5,493,080		(802,143)	(255,011)
12/92 Additions CIAC LINES	87,230	3.89%	(1,697)	(3,393)
Etc.		0.00%	0	0
Etc.		0.00%	0	0
12/92 Balance	5,580,310		(1,058,850)	(258,404)
12/93 Additions CIAC LINES	138,960	3.89%	(2,703)	(5,406)
Etc.		0.00%	0	0
12/93 Balance	5,719,270		(1,319,957)	(263,809)
12/94 Additions CIAC LINES	123,076	3.89%	(2,394)	(4,788)
Etc.		0.00%	0	0
12/94 Balance	5,842,346		(1,586,160)	(268,597)
12/95 Additions CIAC LINES		0.00%	0	0
Etc.		0.00%	0	0
12/95 Balance	5,842,346		(1,854,757)	(268,597)
12/96 Additions CIAC LINES		0.00%	0	0
Etc.		0.00%	0	0
12/96 Balance	5,842,346		(2,123,354)	(268,597)

ORDER NO. 23939  
 DOCKET NO. 891191-SU  
 PAGE 8

SPRINGS ENVIRONMENTAL SYSTEMS, INC. SCHEDULE 3  
 DOCKET NO: 891191-SU  
 SCHEDULE OF CIAC AND ACCUMULATED AMORTIZATION - SEWER SYSTEM

PLANT CAPACITY CHARGE = 650 PER ERC  
 MAIN EXTENSION CHARGE = 650 PER ERC

	CIAC	RATE	ACCUMULATED AMORT.	ANNUAL AMORT.
12/90 Balance	(890,941)	4.81%	87,009	42,854
12/91 Additions			42,854	
Plant Capacity	(150,150)	5.74%	4,309	8,619
Main Extention	(150,150)	3.50%	2,628	5,255
CIAC Lines	(382,907)	3.50%	6,701	13,402
12/91 Balance	(1,574,148)		143,501	70,130
12/92 Additions			70,130	
Plant Capacity	(150,150)	5.74%	4,309	8,619
Main Extention	(150,150)	3.50%	2,628	5,255
CIAC Lines	(87,230)	3.50%	1,527	3,053
12/92 Balance	(1,961,678)		222,094	87,057
12/93 Additions			87,057	
Plant Capacity	(150,150)	5.74%	4,309	8,619
Main Extention	(150,150)	3.50%	2,628	5,255
CIAC Lines	(138,960)	3.50%	2,432	4,864
12/93 Balance	(2,400,938)		318,520	105,794
12/94 Additions			105,794	
Plant Capacity	(150,150)	5.74%	4,309	8,619
Main Extention	(150,150)	3.50%	2,628	5,255
CIAC Lines	(123,076)	3.50%	2,154	4,308
12/94 Balance	(2,824,314)		433,405	123,976
12/95 Additions			123,976	
Plant Capacity	(150,150)	5.74%	4,309	8,619
Main Extention	(150,150)	3.50%	2,628	5,255
CIAC Lines	0	0.00%	0	0
12/95 Balance	(3,124,614)		564,318	137,850
12/96 Additions			137,850	
Plant Capacity	(186,550)	5.74%	5,354	10,708
Main Extention	(186,550)	3.50%	3,265	6,529
CIAC Lines	0	0.00%	0	0
12/96 Balance	(3,497,714)		710,786	155,087