

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for limited proceeding increase in reuse water rates in Monroe County by K W Resort Utilities Corp.

DOCKET NO. 970229-SU
ORDER NO. PSC-99-0489-FOF-SU
ISSUED: March 8, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

ORDER APPROVING STIPULATION, SETTING FINAL REUSE RATES AND CLOSING DOCKET

BY THE COMMISSION:

CASE BACKGROUND

K W Resort Utilities Corp. (K W Resort or utility) is a Class B wastewater utility providing service to approximately 817 residential connections, 3 general service connections, 9 private lift-station operators, and 1 reuse customer on Stock Island in Monroe County. Water service is provided by the Florida Keys Aqueduct Authority.

On February 21, 1997, K W Resort filed, pursuant to Section 367.0822, Florida Statutes, its Application for Limited Proceeding Increase in Reuse Water Rates (Application). In its Application, the utility requested an increase in its rate for reclaimed water from \$.25 to \$1.25 per thousand gallons.

In response to the Application, Key West Country Club (Golf Club) filed, on March 17, 1997, its Protest and Motion to Dismiss the Application for Limited Proceeding or in the Alternative Protest and Request for Formal Hearing (Protest). Also, on May 1, 1997, the Golf Club (the only reuse customer) filed its Notice of

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Limited Appearance and Petition to Intervene for the Limited Purpose of Raising the Issues Set Forth in its Protest (Petition for Limited Intervention).

On July 15, 1997, we issued Order No. PSC-97-0850-FOF-SU denying the petition for limited intervention, granting intervention pursuant to rule, denying the motion to dismiss, and denying the request for formal hearing. Additionally, based upon the magnitude of the requested rate increase and the fact that only the golf course would be affected, we encouraged the utility and golf course to meet to reach a mutually acceptable resolution. The utility was ordered to submit within 60 days of the date of the order a report on the status of any such negotiations. On September 9, 1997, the utility submitted a letter to our staff requesting a delay in processing this docket based upon a pending purchase of the utility by the Golf Club.

On March 5, 1998, K W Resort filed its application for Transfer of Majority Organization Control to WS Utility, Inc., with no change in name on the certificate. This transfer was approved by Order No. PSC-98-1053-FOF-SU, issued on August 6, 1998. The entities which control the utility also control the Golf Club.

On December 30, 1998, we received a stipulation between K W Resort and the Golf Club agreeing to raise the reclaimed water rate. This Order concerns that stipulation.

STIPULATION

Subsequently to the filing of the Application and the Protest, the parties entered into discussions to resolve this dispute. As stated above the entities which control the Golf Club purchased the utility, and we approved the transfer.

On December 30, 1998, we received a stipulation between K W Resort and the Golf Club agreeing to raise the reuse water rate to \$.40 per 100 gallons. The Golf Club and the utility request that we enter a final order approving the stipulated reuse rate and closing the docket.

In its original Application, the utility requested that the \$.25 reuse rate, initially established in 1994, be increased to \$1.25. In support of its request, the utility filed a cost study showing the cost of providing reuse to be approximately \$1.60 per 1,000 gallons. While these costs had not been confirmed, it appears that the cost would be in excess of \$.40 per 1,000 gallons. Additionally, the golf course's alternate irrigation source would be potable water from the Keys Aqueduct authority at a cost of \$5.68 per 1,000 gallons.

However, because the rate would apply only to the golf course and impact no other customer, we find that \$.40 per 1,000 gallons represents a reasonable rate for reclaimed water in this docket. Also, we note that, in subsequent proceedings, we will again consider the appropriate rate for reuse. The increased rate would provide the utility with approximately \$5,900 of additional revenues, which based upon an annual report review would not result in overearnings. Therefore, we shall approve the stipulated rate. The utility shall file a revised tariff sheet reflecting this change and the rate shall become effective for service rendered on or after the stamped approval date of the revised tariff sheet.

CLOSING OF DOCKET

With our approval of the stipulated rate, there are no remaining issues. Therefore, this docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Stipulation between K W Resort Utilities Corp. and Key West Golf Club is approved. It is further

ORDERED that the reuse rate for the Key West Golf Club shall be \$.40 per 1,000 gallons. It is further

ORDERED that K W Resort Utilities Corp. shall file a revised tariff sheet reflecting this change and the rate shall become effective for service rendered on or after the stamped approval date of the revised tariff sheet. It is further

ORDERED that this docket shall be closed.

In its original Application, the utility requested that the \$.25 reuse rate, initially established in 1994, be increased to \$1.25. In support of its request, the utility filed a cost study showing the cost of providing reuse to be approximately \$1.60 per 1,000 gallons. While these costs had not been confirmed, it appears that the cost would be in excess of \$.40 per 1,000 gallons. Additionally, the golf course's alternate irrigation source would be potable water from the Keys Aqueduct authority at a cost of \$5.68 per 1,000 gallons.

However, because the rate would apply only to the golf course and impact no other customer, we find that \$.40 per 1,000 gallons represents a reasonable rate for reclaimed water in this docket. Also, we note that, in subsequent proceedings, we will again consider the appropriate rate for reuse. The increased rate would provide the utility with approximately \$5,900 of additional revenues, which based upon an annual report review would not result in overearnings. Therefore, we shall approve the stipulated rate. The utility shall file a revised tariff sheet reflecting this change and the rate shall become effective for service rendered on or after the stamped approval date of the revised tariff sheet.

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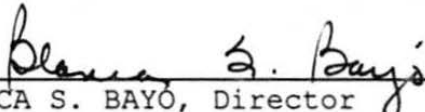
ORDERED that the reuse rate for the Key West Golf Club shall be \$.40 per 1,000 gallons. It is further

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ORDERED that this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 9th day
of March, 1999.



BLANCA S. BAYO, 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 120.569(1), 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/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 after the issuance 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.