

ORIGINAL

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DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

May 5, 1998

Ms. Theresa A. Fitzgibbon-Smith
3441 North Citrus Circle
Zellwood, Florida 32798

RE: Docket No. 980307-WS - Application for certificate to provide water and wastewater service in Orange County by Zellwood Station Co-op, Inc.

Dear Ms. Fitzgibbon-Smith:

Thank you for your letter filed with the Commission on March 30, 1998, in which you request additional information regarding the application for an original certificate in the above-referenced docket.

ACK _____ Please note that Zellwood Station Co-Op, Inc., is a utility already in existence, operating
 AFA _____ without a certificate. Pursuant to Section 367.045, Florida Statutes, Zellwood must apply for
 APP _____ a certificate of authorization from this Commission. Prior to this application, the Commission
 CAF _____ has never had the opportunity to establish rates for this utility. Further, pursuant to caselaw
 CMU _____ and Section 367.011, Florida Statutes, the Commission has exclusive jurisdiction over a utility
 CTR _____ with respect to authority, service, and rates.
 EAG _____ Zellwood has requested approval of rates that, from its perspective, will allow recovery
 LEG _____ of operating expenses and interest charges relative to its investment in plant facilities.
 LIN _____ However, since those measures have not been reviewed by the Commission, their recovery
 OPC _____ remains subject to further examination.
 RCH _____
 SEC 1
 WAS _____
 OTH _____

DOCUMENT NUMBER - DATE

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If an operating certificate is granted, Zellwood will be responsible for repair and replacement of its operating facilities. As an operating utility, Zellwood will bill its customers for the service it renders.

According to Zellwood, the implementation of a conservation rate structure is being required by the St. Johns River Water Management District. Reportedly, Zellwood was directed to individually meter each home to promote water conservation. Although that factor alone will not assure reduced consumption, and further education will be helpful, usage sensitive rates tend to promote conservation efforts.

Since this case is in its infancy, we are not familiar with your suggestion that recent construction is producing huge increases in demand. However, the Commission has jurisdiction over the rates of the utility and not the building that may lead to increased demand.

As part of its application, Zellwood is required to produce service area maps that better illustrate the areas that the utility will be serving. The service areas cited in Zellwood's notice are typically used by surrounding utilities and governmental agencies who can translate "metes and bounds" language into more understandable data. These matters will be carefully reviewed during the course of these proceedings.

As stated previously, pursuant to caselaw and Section 367.011, Florida Statutes, the Commission has exclusive jurisdiction over a utility with respect to authority, service, and rates. Therefore, the Commission has the jurisdiction over the issues on rates, regardless of the developer agreement dated July 31, 1979. However, on March 31, 1998, the Commission received a protest letter and request for a hearing filed on behalf of Banbury Village Association, Inc. Based on that letter of protest, a hearing has been tentatively scheduled for December 16-18, 1998. At the beginning of the hearing, customers will have an opportunity to address the Commission on this docket. We expect that the issues you raised in your letter to be fully litigated at the hearing. You will receive notice of the hearing at the appropriate time.

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We hope that this letter answers your questions. Your letter has been placed in the correspondence portion of this docket. Please call if additional information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "CH Hill", written in a cursive style.

**Charles H. Hill
Director**

**cc: Division of Water and Wastewater (Lowe, Messer, Walker, Redemann)
Division of Legal Services (Ferguson, Brubaker)
Division of Records and Reporting**