MEMORANDUM

October 8, 1999

DIVISION OF LEGAL SERVICES (VACCARO)

FROM :

DIVISION OF LEGAL SERVICES (VACCARO)
DIVISION OF RECORDS AND REPORTING
DIVISION OF WATER AND WASTEWATER (REDEMANN, MESSER)

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DOCKET NO. 980467-WS - APPLICATION FOR AMENDMENT OF

CERTIFICATES NOS. 373-W AND 322-S TO ADD TERRITORY IN

MARION COUNTY BY FLORIDA WATER SERVICES CORPORATION.

Florida Water Services Corporation (Florida Water or utility) provides water service to approximately 3,187 water customers, and 1,337 wastewater customers in the Marion Oaks development. Wastewater service is provided by septic tanks in part of the development. Florida Water provides service in about 24 counties regulated by the Commission. This amendment application is for the Marion Oaks area. The utility's 1998 annual report shows a total annual operating revenue of \$47,407,245 and a net operating income of \$8,306,392. The utility is a Class A utility company under Commission jurisdiction.

Pursuant to Section 367.045, Florida Statutes, on April 1, 1998, Florida Water applied for an amendment of Certificates Nos. 373-W and 322-S to add territory in Marion County (County). Order No. PSC-99-1915-FOF-WS, issued on September 27, 1999 in this docket the utility was granted about 32 square miles of additional water service area and 44 square miles of additional wastewater service area to the utility's certificated area. Florida Water and the County agreed to acquisition of additional water and wastewater territory not addressed in the original application. This area was not noticed even though Marion County does not object to service by Florida Water. By Order No. PSC-99-1915-FOF-WS the utility was required to properly notice this area in the newspaper and the entities in the Marion and Citrus Counties lists provided by the -Commission, and provide proof of noticing before the Commission can grant this area.

The utility completed the notice and the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. Objections to the application were filed previously; however, they have been resolved. The local planning agency was provided notice of the application and did not file a protest to the amendment. does not appear to be any controversy in the new territory. Staff WAW ___was given the authority in the above order to process the utility's remaining portion of the application administratively when it is complete, unless an objection is received or the Department of

Community Affairs (DCA) submits comments that need to be addressed. No objection were received and the time for filing such has expired. The Department of Community Affairs has already addressed this area and the comments were included in the previous recommendation in Issue 2. This amendment will add about 6 square miles of additional water and wastewater service area to the utility's certificated area. The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, that it has tariffs and annual reports on file with the Commission.

As stated earlier, on April 1, 1998, the utility filed an application for amendment of Certificates Nos. 373-W and 322-S to add territory in Marion County, pursuant to Rule 25-30.036(3), Florida Administrative Code. The application is in compliance with the governing statute Section 367.045, Florida Statutes and other pertinent statutes and administrative rules concerning an application for amendment of certificate. The application contains a check in the amount of \$4,500, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The utility has provided copies of warranty deeds which provides for the continued use of the land as required by Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(3) (e),(f) and (i), Florida Administrative Code. A description of the water and wastewater territory is appended to this recommendation as Attachment A. Attachment B is the composite territory description that includes all previously granted territory and the additional water and wastewater service area.

Florida Water has been regulated by the Commission since 1964 and currently owns and operates over one hundred water and wastewater facilities throughout the state which are under the Commission's jurisdiction. Florida Water has a staff of engineers, scientists, accountants, and other professionals based in its Orlando headquarters, as well as, licensed operators that operate and maintain facilities located throughout the state. At year-end 1998, Florida Water's capital structure consisted of more than \$205 million in total capital, including more than \$117 million in long-term debt and more than \$86 million in equity capital.

The water treatment system consists of three supply wells and a one million gallon storage tank. The water treatment system can deliver a maximum daily demand of about 1,728,000 gallons per day (gpd), and a peak instantaneous demand of 2,700 gallons per minute. The highest maximum daily demand in the past 12 months was

1,263,100 gpd. Florida Water has sufficient capacity in the near future and will expand its water treatment system as required when additional facilities are needed.

The wastewater system currently serves only one-half of the existing Marion Oaks Development. Some water customers are served by septic tanks. The current permitted capacity is 200,000 gallons per day on a three month average basis. The wastewater treatment plant and effluent disposal system are currently scheduled to be expanded by 25,000 gpd. The construction is to be completed in the spring of 2000. The Department of Environmental Protection (DEP) has no outstanding notices of violation against this system. Based on the above information, staff believes that the utility has the capacity and the technical expertise to serve these customers in the future.

Florida Water's rates were approved in Docket No. 950495-WS. Final Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in that docket, was affirmed in part, and reversed in part on appeal. The Commission disposed of the pending issues on remand at a special Agenda Conference on August 23, 1999, and a final order on remand will issue shortly. Florida Water should charge the customers in the territory added herein its approved rates and charges until authorized to change by this Commission in a subsequent proceeding.

The utility has returned the certificates for entry of the additional territory and filed revised tariff sheets which reflect the amended territory description.

Based on the above information, staff believes it is in the public interest to grant Florida Water Services Corporation's application for the additional territory described in Attachment A. Attachment B is the composite territory description that includes all previously granted territory and the additional water and wastewater service area. An administrative order should be issued within 30 days approving the application and closing the docket.

If you have any questions, please contact me.

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cc: Division of Record and Reporting (Security File)

ATTACHMENT A

FLORIDA WATER SERVICES CORPORATION

MARION OAKS SERVICE AREA

MARION COUNTY

ADDITIONAL WATER AND WASTEWATER TERRITORY

That part of Sections 13 and 24 in Township 17 South, Range 19 East, Marion County, Florida and Sections 3, 4, 5, 7, 8, 9, 16, 17, 18, 19, 20 and 30 in Township 17 South, Range 20 East, Marion County, Florida being one mile in width and being more particularly described as:

A tract of land lying northerly and easterly of the Withlacoochee River, lying southerly of the south quarter section line of Sections 3, 4, and 5 of Township 17 South Range 20 East, Marion County, Florida, and lying continuous to, northerly of and measuring one mile perpendicular to the center of State Road 200.

ATTACHMENT B

FLORIDA WATER SERVICES CORPORATION

MARION OAKS SERVICE AREA

MARION COUNTY

COMPOSITE WATER AND WASTEWATER TERRITORY DESCRIPTION

The following territory description is the composite territory description that includes all previously granted territory and the additional water and wastewater.

Township 17 South, Range 20 East and 19 East, Marion County, Florida

That part of Sections 13 and 24 in Township 17 South, Range 19 East, Marion County, Florida and Sections 3, 4, 5, 7, 8, 9, 16, 17, 18, 19, 20 and 30 in Township 17 South, Range 20 East, Marion County, Florida being one mile in width and being more particularly described as:

A tract of land lying northerly and easterly of the Withlacoochee River, lying southerly of the south quarter section line of Sections 3, 4, and 5 of Township 17 South Range 20 East, Marion County, Florida, and lying continuous to, northerly of and measuring one mile perpendicular to the center of State Road 200.

And also,

Township 17 South, Range 20 East, Marion County, Florida.

Sections 1

The South 1/4 of said Section 1.

Section 2

The South 1/4 of said Section 2.

Section 3

The South 1/4 of said Section 3 lying East of the centerline of State Road 200.

Section 4

That part of Section 4 lying East of the centerline of State Road 200.

Section 9

The East 50 feet of the North 1520 feet of said Section 9.

Sections 10, 11, 12, 13, 14, 15 All of said Sections.

Section 16

That part of Section 16 lying East of the centerline of State Road 200 less and except:

The Northeast 1/4 of the Northeast 1/4 and the Northeast 1/4 of the Northwest 1/4 of said Section 16.

Section 17

That part of Section 17 lying East of the centerline of State Road 200.

Section 19

That part of Section 19 lying East of the centerline of State Road 200.

Section 20

That part of Section 20 lying East of the centerline of State Road 200.

Sections 21, 22, 23, 24, 25, 26, 27, 28 All of said Sections.

Section 29

That part of Section 29 lying North and East of the Withlacoochee River.

Section 30

That part of Section 30 lying North and East of the Withlacoochee River and East of the centerline of State Road 200.

Section 32

That part of Section 32 lying North and East of the Withlacoochee River.

Section 33

That part of Section 33 lying North and East of the Withlacoochee River.

Sections 34, 35, 36

All of said Sections.

Township 17 South, Range 21 East, Marion County, Florida.

Section 1

The Southwest 1/4 of said Section 1 lying West of the Westerly right-of-way of Interstate 75.

Section 2

The South 1/4 of said Section 2 and the East 1/2 of the Northeast 1/4 of the Southeast 1/4 of said Section 2 and the Southwest 1/4 of the Northeast 1/4 of the Southeast 1/4 of said Section 2 and the South 1/2 of the Northwest 1/4 of the Southeast 1/4 of said Section 2 and the Southeast 1/4 of the Northeast 1/4 of the Southwest 1/4 of said Section 2.

Section 3

The South 1/4 of said Section 3.

Section 4

The South 1/4 of said Section 4.

Section 5

The South 1/4 of said Section 5.

Section 6

The South 1/4 of said Section 6.

Sections 7, 8, 9, 10, 11

All of said Sections.

Section 12

That part of Section 12 lying West of the Westerly right-of-way of Interstate 75.

Section 13

That Southwest 1/4 less and except the North 1/2 of the Northeast 1/4 of the Southwest 1/4 of said Section 13.

Sections 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, All of said Sections.

Section 24

The West 1/2 of said Section 24 and the West 1/2 of the Southeast 1/4 of said Section 24 and the West 1/2 of the Southwest 1/4 of the Northeast 1/4 of said Section 24.

Sections 25, 26, 27, 28, 29, 30, 31,32, 33, 34, 35 All of said Sections.

Section 36

All of said Section 36 less and except the Northeast 1/4 of the Northeast 1/4 of said Section 36.