

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Approval) DOCKET NO. 940106-WS
of Initial Water and Wastewater) ORDER NO. PSC-94-0451-FOF-WS
Plant Capacity Charges in) ISSUED: April 14, 1994
Barefoot Bay Division in Brevard)
County by Florida Cities Water)
Company)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

ORDER SUSPENDING PERMANENT PLANT
CAPACITY CHARGE TARIFFS AND APPROVING
INTERIM PLANT CAPACITY CHARGES

BY THE COMMISSION:

Florida Cities Water Company (FCWC) is a Class A water and wastewater utility that provides service to a predominantly residential area in Barefoot Bay Florida. Barefoot Bay serves a mobile home subdivision consisting of approximately 5,000 lots plus 38 acres of undeveloped land zoned for commercial purposes. The water distribution and wastewater collection lines were installed to all lots and contributed to FCWC. As of December 31, 1992, Barefoot Bay served 4,403 water and 4,390 wastewater customers. Barefoot Bay is an area that has been designated by the St. Johns River Water Management District as a critical use area.

For the twelve months ended December 31, 1992, FCWC recorded operating revenues of \$652,874 for water service and \$738,240 for wastewater service for its Barefoot Bay division. FCWC also recorded net operating income of \$78,740 and \$82,466 for the respective water and wastewater systems over the same time period.

On January 28, 1994, FCWC filed an application for initial plant capacity fees, on both an interim and permanent basis. The application was filed pursuant to Sections 367.101, Florida Statutes, and this Commission's general tariff approval procedures. FCWC's application was deemed complete as of February 4, 1994, and

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that date was established as the official filing date for this proceeding.

FCWC proposes to institute plant capacity fees of \$275 for water and \$680 for wastewater per equivalent residential connection (ERC). The proposed plant capacity fees would be applicable to some 300 existing unsold lots plus the aforementioned commercial property. According to FCWC's application, these charges will result in a ratio of net contributions-in-aid-of-construction to net plant investment of 64% for water and 30% for wastewater, at design capacity.

FCWC's application is based upon capital expenditures made in 1988-1989, additional water supplies, and the cost of advanced treatment facilities. FCWC states that these changes in cost increase the capital investment in central plant facilities by 2.1 times for its water operations, and by 4.3 times for its wastewater operations. The proposed capacity fees are designed to recover, on a per unit basis, the added capital cost.

Because FCWC's application, if approved, would result in a substantial increase in service availability charges, it merits additional investigation to verify that the proposed charges are appropriate. Accordingly, we find it appropriate to suspend FCWC's proposed final tariff pages pending the completion of our investigation. However, pending our final decision on this matter, we believe that FCWC should be authorized to charge, on an interim basis, plant capacity fees of \$275 for water and \$680 for wastewater, per ERC. The interim charges are designed to protect both FCWC and future customers.

FCWC may collect the interim charges approved herein, subject to refund, for connections made on or after the stamped approval date on the interim tariffs. In order to guarantee any potential refund, FCWC shall file a corporate undertaking in the amount of \$55,800. FCWC shall keep an accurate and detailed account of all monies it receives subject to refund. Pursuant to Rule 25-30.360(7), Florida Administrative Code, FCWC shall provide a report, by the 20th day of each month, indicating the monthly and total revenues collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code. In no event should maintenance and administrative costs associated with any refund be borne by the customers. These costs are the responsibility of, and shall be borne by, FCWC.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the permanent plant capacity charge tariffs filed by Florida Cities Water Company are hereby suspended. It is further

ORDERED that Florida Cities Water Company's request for interim plant capacity charges pending our resolution of this case is granted, as set forth in the body of this Order. It is further

ORDERED that the interim plant capacity charges approved herein shall be collected subject to refund, as set forth in the body of this Order. It is further

ORDERED that, prior to its implementation of the interim plant capacity charges approved herein, Florida Cities Water Company shall file and have approved tariff sheets in accordance with the provisions of this Order. It is further

ORDERED that the approved interim plant capacity charges shall be effective for connections made on or after 30 days from the stamped approval date on the revised tariff sheets. The tariff sheets will be stamped approved upon verification that they are consistent with our decision herein and that the required security for guarantee of a potential refund is provided. It is further

ORDERED that Florida Cities Water Company shall file a corporate undertaking in the amount of \$55,800 to guarantee any potential refund of the interim plant capacity charges. It is further

ORDERED that Florida Cities Water Company shall keep an accurate and detailed account of all plant capacity charges it receives subject to refund. It is further

ORDERED that Florida Cities Water Company shall provide a report to this Commission, no later than the twentieth (20th) day of each month, detailing the monthly and total amounts of plant capacity charges collected subject to refund.

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By ORDER of the Florida Public Service Commission, this 14th
day of April, 1994.

BLANCA S. BAYO, Director
Division of Records and Reporting

by: Kay Delyno
Chief, Bureau of Records

(S E A L)

RJP

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) 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 or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.