

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Staff-) DOCKET NO. 920767-WS
Assisted Rate Case by INDIAN) ORDER NO. PSC-94-1090-FOF-WS
SPRINGS UTILITIES, INC. in) ISSUED: September 6, 1994
Citrus County.)
_____)

The following Commissioners participated in the disposition of this matter:

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

ORDER GRANTING INDIAN SPRINGS UTILITIES, INC.'S
SECOND MOTION FOR EXTENSION OF TIME IN WHICH TO
FIND AN ALTERNATIVE WATER SOURCE

BY THE COMMISSION:

BACKGROUND

Indian Springs Utilities, Inc. (Indian Springs or utility) is a Class C water and wastewater facility located in Crystal River in Citrus County. The utility provides water service to 87 single family residences and wastewater service to 60 single family residences, a 37-unit apartment complex and a 106-room motel. The Eyster family purchased Indian Springs water system in November 1977, and has operated the system since that time. On August 2, 1983, Indian Springs filed its application for a certificate to operate a water utility in Citrus County. By Order No. 13385, issued June 6, 1984, Indian Springs was granted Certificate No. 429-W.

The utility acquired a certificate to supply wastewater service in 1988. On July 24, 1987, NASI, Inc., and Indian Springs filed a joint application for a transfer of NASI's wastewater certificate. By Order No. 18907, issued February 22, 1988, the transfer of Certificate No. 136-S from NASI, Inc., to Indian Springs was approved.

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FFSC-RECORDS/REPORTING

On June 29, 1990, Indian Springs filed an application for a staff-assisted rate case. At that time, it was recognized that the water provided by the utility did occasionally have salt water intrusion due to the well's close proximity to the Gulf of Mexico. A permanent solution proposed in the rate case involved the utility interconnecting with the City of Crystal River (the City), or installing additional treatment facilities such as reverse osmosis. However, corrections were not required because of the expense involved and the effect it would have had on the rates. By Order No. 24211, issued March 11, 1991, the utility was granted an increase in its water and wastewater rates.

Subsequent to the last staff-assisted rate case, the Citrus County Health Department (CCHD) determined that unacceptable levels of bacteria exist in the utility's water. The CCHD has recommended that the utility find another water source. Mr. James Eyster of the utility began negotiating with the City to interconnect to the City's water supply. Recognizing the increases in expenses that would result from the interconnection, the utility applied for the instant staff-assisted rate case.

The City and the utility were unable to timely reach an agreement for the price of the purchased water. The utility therefore requested that the instant proceeding be placed in monitor status to allow additional time to negotiate a contract between the two parties. By Order No. PSC-93-0198-FOF-WS, issued February 9, 1993, the Commission placed the instant proceeding in monitor status for the period ended May 19, 1993. The Order further provided that if the utility had not obtained a signed contract with the City to purchase water by the end of the monitor period, the current staff-assisted rate case application would be deemed withdrawn, and the docket would be closed administratively.

By letter dated May 12, 1993, the utility informed the Commission that the utility would not be purchasing water from the City. In addition, the utility's letter requested that the instant staff-assisted rate case continue, rather than having the docket close administratively. By Order No. PSC-93-0958-FOF-WS, issued June 28, 1993, the Commission reinstated the utility's staff-assisted rate case.

On December 23, 1993, the Commission issued proposed agency action Order No. PSC-93-1823-FOF-WS, approving Indian Springs's request for an increase in water and wastewater rates and granting temporary rates in the event of a protest. In the same order, the Commission found that the quality of service provided by Indian Springs for both water and wastewater is unsatisfactory. Because the utility's water has excessive levels of bacteria, the Commission, by final action, ordered the utility to find an alternative water source. Even further, in an effort to ensure that the utility diligently pursue finding another source for water, the Commission ordered that the revenue increase associated with the water system be held in an escrow account until the utility obtains a contract for another water source.

Three utility customers filed objections to Order No. PSC-93-1823-FOF-WS. By motion dated April 18, 1994, Indian Springs requested additional time to find an alternative water source. By Order No. PSC-94-0748-FOF-WS, issued June 17, 1994, the Commission granted the utility's request for an extension of time, until July 5, 1994, to find an alternative water source. All three of the protests were withdrawn on May 13, 1994. Thereafter, by Order No. PSC-94-0878-FOF-WS, issued July 19, 1994, the Commission made Order No. PSC-93-1823-FOF-WS final, with an effective date of July 5, 1994. On July 6, 1994, Indian Springs filed a second motion for extension of time in which to find an alternative water source. The second motion and our findings are discussed in greater detail below.

SECOND MOTION FOR EXTENSION OF TIME

As support for this motion, the utility states that its users' task force was preparing to petition the Citrus County Commission for a taxing district when the City changed its position on the furnishing of water to areas outside of the city limits. According to the utility, the City has proposed to offer water services to the utility's users on a far less expensive basis than would be available through the County.

In support of its motion, wherein the utility requests a sixty day extension of time to find an alternative water source, the utility asserts that: 1) its users' task force was preparing to petition the Citrus County Commission for a taxing district when the City changed its position on the furnishing of water to areas outside of the city limits; and 2) the City has proposed to offer water services to the utility's users on a far less expensive basis than would be available through the County.

As an attachment to the motion for extension of time, the utility provided us a copy of a letter written to the City Manager. In this letter, the utility indicates its intent to convey the water distribution system to the property owners of the three subdivisions currently being serviced by the utility, or to their assignees. In a telephone conversation on July 26, 1994, the utility represented to our Staff that it intended to transfer the water distribution system to the City.

Additionally, the City Manager has furnished our Staff with a letter of intent on the part of the City to furnish water to these three subdivisions by way of a transfer of the utility's water distribution system. In the letter, dated July 26, 1994, the City Manager states that the City's legal counsel is working out the details of the transfer and that certain engineering consultants are in the process of obtaining DEP and County permits in order to make the connection. The City Manager further states that the residents have been fully informed as to the cost and connection charges associated with this transfer and they have concluded that this would be their most cost-effective option. The City Manager anticipates that, if all goes well, the City will begin providing water to the subdivisions within 75 - 120 days.

The Office of Public Counsel (OPC) has been assisting the utility's users' groups in an effort to obtain water for the customers from the County. However, when the City option surfaced, OPC informed Staff that it supports granting the utility additional time because the City option is less expensive and will take less time.

Based upon the facts as represented to us, we find it appropriate to grant the utility's second motion for an extension of time to find an alternative water source. However, we believe that a sixty day extension may not allow the utility and the City sufficient time to finalize the transfer. Accordingly, we find it appropriate to allow Indian Springs an additional 120 days from the effective date of this Order to finalize the transfer.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Indian Springs Utilities, Inc.'s Second Motion for an Extension of Time is granted. It is further

ORDERED that Indian Springs Utilities, Inc. shall be granted an additional 120 days from the effective date of this Order in which to finalize the transfer of its water distribution system to the City. It is further

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ORDERED that this docket shall remain open pending the completion of all of the requirements of Order No. PSC-93-1823-FOF-WS and to monitor the utility's progress in finding an alternative water source.

By ORDER of the Florida Public Service Commission, this 6th day of September, 1994.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Lynn
Chief, Bureau of Records

(S E A L)

LAJ/RGC

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.