

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 941344-WS
tariffs to allow payment of) ORDER NO. PSC-95-0577-FOF-WS
contributions-in-aid-of-) ISSUED: May 9, 1995
construction (CIAC) by)
installments in Flagler County by)
PALM COAST UTILITY CORPORATION.)
_____)

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING TARIFF WITH PAYMENT PLAN OPTION
FOR SERVICE AVAILABILITY CHARGES

BY THE COMMISSION:

BACKGROUND

Palm Coast Utility Corporation, (PCUC) is a class A water and wastewater utility in Flagler County providing service to 13,491 water customers and 9,138 wastewater customers. PCUC's certificated service area, primarily the platted development known as Palm Coast, includes the Barrier Islands east of the Intracoastal Waterway and south of the town of Marineland. The Barrier Island, not part of Palm Coast, does not have a central water or wastewater system. The Barrier Island's residents rely on private wells and septic tanks. PCUC's 1993 annual report showed it had operating revenues of \$5,844,210 for its water system and \$2,673,211 for its wastewater division, with an annual operating income of \$369,507 for water and \$758,876 for wastewater.

On December 29, 1994, PCUC submitted its proposed tariff sheets offering a 60 month payment plan to all applicants using private wells, septic tanks or package plants. On February 7, 1995, we received PCUC's letter waiving the Commission's statutory sixty day period for taking action regarding this matter. PCUC also requested an additional thirty day extension.

DOCUMENT NUMBER-DATE
04533 MAY-95
FPSC-RECORDS/REPORTING

APPLICATION

Pursuant to Section 367.091(2), Florida Statutes, "Each utility's rates, charges, and customer service policies must be contained in a tariff approved by and on file with the commission." As stated earlier, on December 29, 1994, PCUC submitted its proposed tariff sheets offering all applicants residing in its service area and using private wells, septic tanks or package plants the option of paying their service availability charges in 60 monthly installments. This payment plan is not available for those applicants in the platted development of Palm Coast where a central water and wastewater system is available.

One of Flager County's Commissioners approached PCUC about providing central water and wastewater services to those residents without a central system. Flager County (County) wants to alleviate salt intrusion and other environmental problems. The County has experienced some environmental problems due to severe thunderstorms, floods, and salt water intrusion. These problems have escalated for those residents using private wells and septic tanks. Salt water intrusion into wells, along the coastal areas, has always been a problem. The only alternative available to these residents is purchasing potable drinking water; so, several property owners have expressed a desire to connect to the PCUC's system. Since it is environmentally advantageous for the residents to connect to a central water and wastewater facility, allowing them to make incremental payments furthers the public interest of promoting health and safety. The customers usually make one payment toward their capacity charges and the installation of their lines. PCUC's installment plan alleviates the customers' financial pressures of making one service capacity payment.

We recently approved a similar installment plan in Order No. PSC-95-0376-FOF-SU, issued March 16, 1995, In re: Request for Approval of Revised Tariff Sheets to Provide Option of Paying Service Availability Charge in Installment Payments by Hudson Bay Company in Pasco County. In this case, we were initially concerned that this request could be viewed as being discriminatory since the payment plan will not be offered to all customers. However, after review and research, we find that PCUC's classification is not unduly discriminatory or unlawful since PCUC is offering those customers without a central water or wastewater system an opportunity of acquiring service from a central system by allowing them to make contributions-in-aid-of-construction (CIAC) in 60 monthly payments. Further, the customers who are being offered these incremental payments all reside in the same area and are similarly situated.

We have given PCUC the authority of using its net present value to gross-up CIAC. Therefore, in addition to paying for the installation of their lines and their capacity charges, PCUC's customers will be responsible for paying the taxes assessed on the CIAC. PCUC may include such installment charges in its bills for water and wastewater utility service under a separate line item. PCUC has requested approval, through its proposed tariffs, of terminating service for non-payment of the installment charges. We grant PCUC's request. However, PCUC should be aware that such discontinuance of service shall be contingent upon the provisions of Rule 25-30.320(2)(g), Florida Administrative Code. PCUC shall be entitled to charge and collect from each applicant interest on the outstanding principal and accrued interest. The interest rate for each installment contract shall be the utility's cost of capital in effect as approved by the Commission at the time of the contract. The current interest rate is 9.21. The interest rate for each installment payment shall remain constant during the installment contract's life.

In consideration of the foregoing, we hereby approve PCUC's proposed water tariff sheet No. 41.1 and its proposed wastewater tariff sheet No. 37.05. The tariff sheets shall become effective for those applicants using private wells, septic tanks or package plants on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of this Order, the tariff sheets shall remain in effect, with any increase held subject to refund, pending resolution of the protest. If no timely protest is filed, no further action will be required, and this docket shall be closed.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Palm Coast Utility Corporation's tariff sheets offering a 60 month payment plan for service availability charges for those applicants using private wells, septic tanks or package plants, as set forth above, are hereby approved. It is further

ORDERED that the tariff sheets approved herein shall be effective for connections made on or after the stamped approval date of the proposed tariff sheets for those applicants using private wells, septic tanks or package plants, pursuant to Rule 25-30.475, Florida Administrative Code. It is further

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ORDERED that the tariff sheets approved herein are interim in nature and shall become final unless a substantially affected person files a petition for a formal proceeding which is received by the Director, Division of Records and Reporting, by the date set forth in the "Notice of Further Proceedings or Judicial Review" attached herein. It is further

ORDERED that if a protest is filed within 21 days of the issuance date of this Order, the tariff sheets shall remain in effect, with any increase held subject to refund, pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 9th day of May, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 30, 1995.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water 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 of the date this Order becomes final, 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.