

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for approval) DOCKET NO. 951311-SU
of increase in wastewater plant) ORDER NO. PSC-96-0043-FOF-SU
capacity charges in Brevard) ISSUED: January 11, 1996
County by Florida Cities Water)
Company (Barefoot Bay Division).)
_____)

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 SUSPENDING PROPOSED PLANT CAPACITY CHARGE AND GRANTING
INTERIM PLANT CAPACITY CHARGE INCREASE SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Florida Cities Water Company (FCWC or utility) is a Class A utility providing water and wastewater service for a predominately residential area in Barefoot Bay, Florida. The utility's Barefoot Bay division served 4,458 water and 4,440 wastewater customers at year end December 31, 1994. For the twelve months ended December 31, 1994, the utility recorded operating revenues of \$671,582 for water service and \$823,463 for wastewater service. The utility recorded a net operating loss of \$73,769 for the water system and a net operating income of \$77,577 for the wastewater system. The Barefoot Bay system is in an area that has been designated by the St. Johns River Water Management District as a critical water supply use caution area.

On November 3, 1995, the utility filed an application for approval of interim and final increased plant capacity charges pursuant to Section 367.101, Florida Statutes. This date was established as the official filing date for this proceeding. By Order No. PSC-94-0961-FOF-WS, issued August 9, 1994, we established the initial water and wastewater plant capacity charge for this utility. The utility also applied for approval of interim and permanent increases in its water and wastewater rates in Docket No. 951258-WS, which is separate from this docket.

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FPSC-RECORDS/REPORTING

SUSPENSION OF PLANT CAPACITY CHARGE

FCWC's Barefoot Bay division proposed a substantial increase in its wastewater plant capacity charge which will allow it to collect a plant capacity charge on a interim and final basis. This charge is presented on proposed revised tariff sheets. The final proposal merits additional discovery to verify that the proposed charge is appropriate.

Section 367.091(5), Florida Statutes, states that the Commission may withhold consent to the operation of any or all portions of new rate schedules, by a vote to that effect within 60 days giving reason or statement of good cause for withholding that consent. If the Commission does not withhold consent, the new rate schedules may be assumed in effect after 60 days. The 60-day suspension date for the tariff sheet is January 1, 1996. Therefore, the proposed tariff to increase the final wastewater plant capacity charge for FCWC's Barefoot Bay division shall be suspended pending further discovery.

INTERIM PLANT CAPACITY CHARGE

The utility's Barefoot Bay service area consists of a mobile home subdivision of approximately 5,000 lots, with water distribution lines and wastewater collection lines installed to all lots, plus 38 acres of undeveloped land zoned for commercial purposes. The developer installed distribution and collection systems and contributed them to the utility. Accordingly, 5,000 lots have water and wastewater lines already in place. The proposed increased plant capacity charge is designed to recover, on a per equivalent residential connection (ERC) basis, the costs of investment in additional advanced treatment and reuse facilities for wastewater in order to comply with Department of Environment Protection requirements.

Therefore, we find it appropriate to allow the utility to collect an interim wastewater plant capacity charge in the amount of \$1,400 per ERC. This results in an interim wastewater plant capacity charge which will be charged to any developer or individual requesting wastewater service during this interim period. By previous Orders, we approved an interim plant capacity charge subject to refund. See Orders Nos. 23195, issued July 16, 1990, and 24181, issued March 1, 1991. According to the utility's application, a collection of the new charge will result in a ratio of net CIAC to net plant investment of 37%. The ratio at 37% is lower than the guidelines prescribed by Rule 25-30.580, Florida Administrative Code, but is principally due to the upgrade of the wastewater treatment plant to "advanced" treatment standards with

a decrease in plant capacity. The utility claims the collection of the \$1,400 per ERC will contribute to bringing the relationship more in line with the rule.

Therefore, we hereby approve the utility's request for collection of an interim wastewater plant capacity charge of \$1,400 per ERC, with such monies to be held subject to refund in the event further investigation indicates a need to subsequently reduce this payment.

SECURITY FOR INTEREST

Pursuant to Section 367.082, Florida Statutes, the excess of interim rates over previously authorized rates shall be collected under guarantee subject to refund with interest. We find that a corporate undertaking signed by FCWC is sufficient to protect the potential refunds. We calculated the amount of the corporate undertaking to be approximately \$18,000. We calculated this amount by taking the growth rate of the utility for the next 8 months and multiplying it by the proposed increase from the previously approved wastewater plant capacity charge. Therefore, the utility shall be allowed to provide a corporate undertaking in the amount of \$18,000 as guarantee of any potential refund of wastewater plant capacity charges collected under interim conditions.

Also, pursuant to Rule 25-30.360, Florida Administrative Code, the utility shall file a report by no later than the twentieth (20th) day after each monthly billing, showing the amount of plant capacity charges collected each month and the amount of increase of plant capacity charges collected to date relating to the interim increase. If a refund is required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and should be borne by, the utility.

Based on the foregoing, it is therefore,

ORDERED by the Florida Public Service Commission that the final plant capacity charge proposed by Florida Cities Water Company, Barefoot Bay division, is hereby suspended in accordance with Section 367.091(5), Florida Statutes. It is further

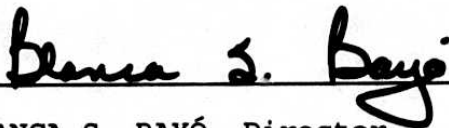
ORDERED that the requested interim plant capacity charge is hereby granted. It is further

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ORDERED that Florida Cities Water Company, Barefoot Bay division shall provide a corporate undertaking in the amount of \$18,000. It is further

ORDERED that Florida Cities Water Company, Barefoot Bay division shall submit monthly reports in accordance with Rule 25-30.360, Florida Administrative Code.

By ORDER of the Florida Public Service Commission, this 11th day of January, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

MSN

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 intermediate in nature, may request 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. Citizens of the State of Florida v. Mayo, 316 So. 2d 262 (Fla. 1975), states that an order on interim rates is not final nor reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.