

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval of new class of service for reuse water service in Martin County by Indiantown Company, Inc.	DOCKET NO. 080712-SU ORDER NO. PSC-09-0393-TRF-SU ISSUED: June 2, 2009
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The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman  
LISA POLAK EDGAR  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

ORDER APPROVING TARIFF TO ESTABLISH  
NEW CLASS OF REUSE WATER SERVICE

BY THE COMMISSION:

Background

Indiantown Company, Inc. (Indiantown or Utility), is a Class A utility which provides service for approximately 1,876 water customers and 1,776 wastewater customers in Martin County. Indiantown's 2007 annual report shows operating revenue of \$1,817,765 and a net operating loss of \$30,491. The Utility's service area lies in the South Florida Water Management District and is in a critical water supply problem area.

On December 17, 2008, Indiantown filed an application for approval of a new class of service for reuse water service. By Order No. PSC-09-0118-PCO-SU, issued March 2, 2009, we suspended the tariff filing pending further investigation. Thereafter, we approved Indiantown's application at our May 19, 2009, Agenda Conference. The reasons for our decision are set forth in detail below. We have jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

Reuse Water Rates

The Utility asserted in its filing that Indiantown is currently in the final stages of completing the construction of changes to its wastewater treatment plant to allow for the production and distribution of public access reuse water. Indiantown stated that it is not yet clear what the daily operations costs will be or how those costs will be allocated between the wastewater treatment and reuse. It is also not yet known how much of the capital costs will be incurred by the Utility and how much will be incurred by developers and customers. Indiantown stated that it does not know who will be its initial reuse customers. We agree with the Utility's assertion that for the aforementioned reasons, an estimation of any gross increase or decrease in annual revenue is not ascertainable at this time. Indiantown chose Martin County, which

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currently provides reuse water service, as a reasonable benchmark for creating the initial rates for reuse water service. Martin County currently charges \$0.40 per thousand gallons of reuse water.

Generally, reuse rates cannot be determined in the same fashion as other water and wastewater rates. If reuse rates were based on a utility's investment in rate base, the resulting rates would be too high to garner interest from potential customers. When we analyze reuse rates, we must consider the type of customers being served and balance the disposal needs of the utility with the consumption needs of the customers.

Indiantown has entered into an agreement with Indiantown CoGeneration, LP (CoGen) to provide CoGen with any unused reuse effluent to meet its disposal needs at a gallonage rate of \$0.00. According to the agreement, Indiantown is not obligated to provide any reuse; reuse will be provided to CoGen when available. Both Indiantown and CoGen will benefit from this arrangement. Indiantown will no longer have the need to create wet weather storage and back up disposal, and CoGen will receive a free supplement to its cooling water needs.

#### Ruling

In determining the appropriate reuse rates, we considered the average reuse charge of utilities in Martin County. According to the Department of Environmental Protection's 2007 Reuse Inventory Report, the average rates were \$0.40 per thousand gallons and a \$0.00 base facility charge. As such, we find that the proposed rates are reasonable.

Accordingly, Indiantown's proposed tariff sheets to establish a reuse water rate are hereby approved as filed. Indiantown shall file a proposed notice to reflect our decision for approval by our staff. The approved tariffs shall be effective for services rendered on or after the stamped approval date, provided the Utility has issued notices to all persons who have filed a written request for reuse water service or who have been provided a written estimate for reuse water service within the 12 calendar months prior to the month Indiantown filed its petition.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Indiantown Company, Inc.'s application for approval of a new class of service for reuse water service is hereby approved as filed. It is further

ORDERED that Indiantown Company, Inc. shall file a proposed notice to reflect our decision for approval by our staff. It is further

ORDERED that the approved tariffs shall be effective for services rendered on or after the stamped approval date, provided the Utility has complied with the noticing requirements set forth herein. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges 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 upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 2nd day of June, 2009.



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ANN COLE  
Commission Clerk

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 23, 2009.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.