

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of PARKLAND)	DOCKET NO. 890460-SU
UTILITIES, INC. to amend sewer service)	ORDER NO. 21953
availability charge in Broward County.)	ISSUED: 9-27-89
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING APPLICATION TO MODIFY
SERVICE AVAILABILITY CHARGE

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

On March 31, 1989, Parkland Utilities, Inc. (Parkland or utility) filed an application to amend its sewer service availability charge in Broward County. The application was found deficient and the utility was so notified. On May 19, 1989, Parkland filed its completed application pursuant to Rule 25-30.565, Florida Administrative Code.

Parkland, a Class C utility, was granted original water and wastewater certificates by Order No. 7092, issued on January 22, 1976. The existing service availability policy and charges were approved on November 5, 1980. The utility has never had a rate case. However, it has increased its rates several times through index adjustments. Parkland, in this docket, is now requesting an increase of the wastewater plant capacity charge to reflect the costs incurred to interconnect with a regional wastewater system. The interconnection was necessary to serve new customers.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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PLANT CAPACITY CHARGE

Parkland serves a Planned Unit Development (PUD) which is designed to include 469 single family homes, 428 apartments, 78 duplex units, a clubhouse, and commercial and recreational areas. The planned buildout of 886 Equivalent Residential Connections (ERCs) is expected to be reached by September, 1990. By December 31, 1988, the utility was serving 455 ERCs. The utility's existing plant capacity charges are \$250 per ERC for water and \$500 per ERC for wastewater. The policy requires donated lines from the developer.

In its application, the utility proposes to increase the wastewater plant capacity charge from \$500 per ERC to \$1200 per ERC. As previously stated, the basis for the increase is the cost to interconnect to a regional wastewater treatment system. The utility did not request a change in its existing water plant capacity charge and it appears that no change is needed.

The utility has known for several years that advanced wastewater treatment (AWT) would be required for its treatment plant pursuant to Broward County Code Section 27-5.09. To be exempt from AWT, the plant would have to use an ocean outfall or deep well injection as a means of disposal of its final effluent. Neither of these alternatives are feasible for this utility. The Broward County Environmental Board granted the utility a variance of the AWT requirement until December 31, 1988, in its current operating permit.

Rather than pursue upgrading its plant at a substantial cost to achieve AWT, the utility chose to interconnect with the Broward County regional facility. To effect this interconnection, the utility modified an existing lift station, installed a new master lift station, and installed approximately four miles of force main from its service area to the closest point of availability to the County's system in Coral Springs. The interconnection with the County was completed in January, 1989.

The capacity that is available from the County is "borrowed" from other capacity reservations that are not being used. The County has leased .220 million gallons per day (mgd) of capacity to Parkland through December, 1991, or until the County can sell capacity to Parkland when the County's plant expansion is complete. The County's plant expansion is expected to be completed in 1992. A provision in the lease

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allows the County to cease accepting wastewater from Parkland after thirty days' notice.

To supplement the capacity from the County and to provide capacity to serve the development's planned 886 ERCs at 350 gallons per day (gpd) per ERC, Parkland has leased an additional .090 mgd from the City of North Lauderdale. The capacity that the City is leasing to Parkland is a portion of the 3.35 mgd which the City bought from the County in 1979. Parkland's lease with the City provides that the utility will pay debt service on this .090 mgd capacity reservation for the duration of the lease. The lease continues through December, 1991, as does Parkland's lease with the County. The lease with the City cannot be terminated before December, 1991, unless the County's expansion is available prior to such time.

In case of construction delays that might be encountered with the County's system, the utility has decided to retain its existing 100,000 gpd plant in reserve. The plant is booked at \$255,000 for the land and \$165,200 for the treatment plant. The estimated cost of preparing the plant to be held off-line is approximately \$10,000. If the County's regional plant is completed on time, then capacity will be available to the utility and the plant will be retired.

We contacted the county's wastewater permitting agency about re-permitting the utility's secondary treatment plant on an interim basis if the county's system is not completed on time. The agency replied that a permit would likely be issued, but only on an interim basis until the capacity from the County became available.

Parkland furnished a schedule of the projected contribution level for wastewater. We found it appropriate to adjust the projected cost of the utility's collection lines to the actual cost of interconnecting to the regional system, which increased the total projected cost by \$84,329. We further added the cost of additional donated lines, \$192,537, to plant and CIAC.

These adjustments, while necessary and appropriate, do not have a material impact on the requested charge. The requested \$1200 per ERC wastewater plant capacity charge will yield a 75 percent contribution level at design capacity, in accordance with Rule 25-30.580, Florida Administrative Code, regardless of whether the adjustments are made. Therefore, we find it appropriate to approve Parkland's requested wastewater plant capacity charge of \$1200 per ERC (ERC = 350 gpd). This plant

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capacity charge shall be effective for new connections to the system on and after the stamped approval date on the revised tariff sheets. The revised tariff sheets will be approved upon our Staff's verification that the tariff is consistent with this Order. Schedules Nos. 1 through 3, attached to this Order and by reference incorporated herein, present the calculation of the utility's approved wastewater plant capacity charge.

Based on the foregoing, it is hereby

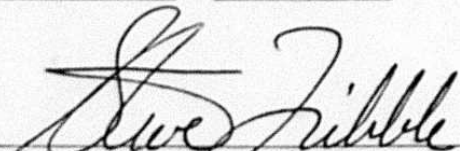
ORDERED by the Florida Public Service Commission that the application of Parkland Utilities, Inc. to amend its sewer plant capacity charge in Broward County is approved as set forth in the body of this Order. Schedules Nos. 1 through 3, reflecting the projected contribution level for wastewater, are attached to this Order and by reference incorporated herein. It is further

ORDERED that the plant capacity charge approved in this Order is effective for new connections made on or after the stamped approval date on the revised tariff sheets. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition in the form provided by Rule 25-22.36, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event that this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission
this 27th day of SEPTEMBER, 1989.



STEVE TRIBBICK, 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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on October 18, 1989.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent 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.

If this order becomes final and effective 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 sewer 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 effective date of this order, 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.

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PARKLAND UTILITIES, INC.
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 SCHEDULE OF NET INVESTMENT - WASTEWATER SYSTEM

PLANT CAPACITY CHARGE = \$1,200 PER ERC

	12/88	09/89	09/90	09/91	09/92
CAPACITY	886	886	886	886	886
DEMAND	455	714	886	886	886
% USED	51%	81%	100%	100%	100%
GROWTH	313	259	172	0	0
UTILITY PLANT ACCUMULATED DEPR.	1,636,503 (150,215)	2,764,936 (212,748)	2,782,500 (293,733)	2,782,500 (374,984)	2,782,500 (456,235)
NET PLANT	1,486,288	2,552,188	2,488,768	2,407,517	2,326,265
CIAC ACCUMULATED AMORT.	(1,397,569) 128,474	(1,883,342) 177,761	(2,107,306) 237,800	(2,107,306) 301,232	(2,107,306) 364,664
NET CIAC	(1,269,095)	(1,705,581)	(1,869,507)	(1,806,075)	(1,742,643)
NET INVESTMENT	217,193	846,607	619,261	601,442	583,623
CIAC RATIO	85%	67%	75%	75%	75%
NET INVESTMENT PER ERC	245	956	699	679	659

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PARKLAND UTILITIES, INC.
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 SCHEDULE OF PLANT AND ACCUMULATED DEPRECIATION - WASTEWATER SYS

PLANT CAPACITY CHARGE = \$1,200 PER ERC

	UTILITY PLANT	RATE	ACCUMULATED DEPR.	ANNUAL DEPR.
Plant	1,381,503	3.21%	(150,215)	(44,346)
Land	255,000	0.00%	0	0
12/88 Balance	1,636,503		(150,215)	(44,346)
			(44,346)	
09/89 Additions				
Force Main	615,341	2.86%	(8,799)	(17,599)
Pump Station	140,819	5.56%	(3,915)	(7,830)
Meter Station	71,300	2.86%	(1,020)	(2,039)
Intangible Costs	126,000	2.86%	(1,802)	(3,604)
Collection	174,973	3.03%	(2,651)	(5,302)
09/89 Balance	2,764,936		(212,748)	(80,719)
			(80,719)	
09/90 Additions				
Collection	17,565	3.03%	(266)	(532)
09/90 Balance	2,782,500		(293,733)	(81,251)
			(81,251)	
09/91 Additions				
Collection	0	3.03%	0	0
09/91 Balance	2,782,500		(374,984)	(81,251)
			(81,251)	
09/92 Additions				
Collection	0	3.03%	0	0
09/92 Balance	2,782,500		(456,235)	(81,251)

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PARKLAND UTILITIES, INC.
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SCHEDULE OF CIAC AND ACCUMULATED AMORTIZATION - WASTEWATER SYSTEM

PLANT CAPACITY CHARGE = \$1,200 PER ERC

	CIAC	RATE	ACCUMULATED AMORT.	ANNUAL AMORT.
12/88 Balance	(1,397,569)	3.00%	128,474	41,927
			41,927	
09/89 Additions				
Plant Capacity	(310,800)	3.03%	4,709	9,417
Main Extention	(174,973)	3.03%	2,651	5,302
09/89 Balance	(1,883,342)		177,761	56,646
			56,646	
09/90 Additions				
Plant Capacity	(206,400)	3.03%	3,127	6,254
Main Extention	(17,565)	3.03%	266	532
09/90 Balance	(2,107,306)		237,800	63,432
			63,432	
09/91 Additions				
Plant Capacity	0	3.03%	0	0
Main Extention	0	3.03%	0	0
09/91 Balance	(2,107,306)		301,232	63,432
			63,432	
09/92 Additions				
Plant Capacity	0	3.03%	0	0
Main Extention	0	3.03%	0	0
09/92 Balance	(2,107,306)		364,664	63,432