

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval) DOCKET NO. 920638-WU
of five year average service) ORDER NO. PSC-92-0979-FOF-WU
life depreciation rate for) ISSUED: 09/10/92
membrane elements of membrane)
softening water treatment)
facility in Flagler County by)
PALM COAST UTILITY CORPORATION))

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION ORDER
APPROVING REQUEST FOR REDUCED SERVICE LIFE
FOR REVERSE OSMOSIS MEMBRANE ELEMENTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Palm Coast Utility Corporation (PCUC) is a class "A" utility operating in Flagler County. PCUC is completing construction of a membrane softening water treatment facility expected to come on line sometime in July, 1992. Membrane softening, or reverse osmosis, water treatment involves a relatively new process where raw water is forced under pressure through a complex filter which removes impurities and produces a clean, potable water.

Rule 25-30.140(2), Florida Administrative Code, prescribes twenty-two (22) years as the guideline average service life for water treatment equipment, including the membrane elements for a reverse osmosis facility. On June 23, 1992, PCUC filed a Petition for Approval of Five-Year Average Service Life Depreciation Rate for Membrane Elements of Membrane Softening Water Treatment Facility.

DOCUMENT NUMBER-DATE

10405 SEP 10 1992

PSC-RECORDS/REPORTS

Petition

Rule 25-30.140(5)(a), Florida Administrative Code, authorizes a utility to petition for approval of average service life depreciation rates other than those in Rule 25-30.140(2), Florida Administrative Code, at the time the utility applies for a rate case. The utility's petition must be supported by the information required in Rule 25-30.140(5)(b) and (c), Florida Administrative Code.

In its petition, PCUC states that the timing of its next rate case is undetermined but that there appears to be no prohibition against filing a petition of this sort in advance of a rate case. We think that it is appropriate to consider PCUC's petition at this time. Rule 25-30.011, Florida Administrative Code, allows a utility to request a waiver from a rule. In this case, PCUC has filed the information required by Rule 25-30.140(5)(b) and (c), Florida Administrative Code, and justification for a deviation from the average service life in the rule is apparent. Rule 25-30.140(2), Florida Administrative Code, does not take into consideration newer, state-of-the-art systems such as those treating water by membrane softening.

The reverse osmosis treatment process is not widely used yet. Consequently, there is little historical data available concerning the life expectancy, or service life, of the membrane elements. PCUC states in its petition that representatives of Dow Chemical and Post, Buckley, Schuh and Jernigan, Inc., presented a study at the Water Supply Improvement Association Conference, May 17, 1984, entitled "Membrane Processes: More Economical for Potable Water Treatment Than Lime Softening." This study stressed that a reverse osmosis membrane would need to be replaced after 5 years. In addition, PCUC submitted a copy of its warranty from L & A Water Treatment Company, the contractor who provided the membranes, which grants a 5-year membrane warranty period.

In another case, Docket No. 900816-WS, In re: Petition for a Rate Increase in Martin County by Sailfish Point Utility Corporation, we addressed the service life for reverse osmosis membranes and the utility's expenses for its replacement program. By Order No. 25092, issued September 23, 1991, we approved a four-year replacement program for the membranes.

In consideration of the above, we hereby grant PCUC's petition. We find that the 5-year depreciable life requested by PCUC is reasonable and more accurately matches the actual service

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life of the membrane elements than would the 22-year guideline period.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Palm Coast Utility Corporation's Petition for Approval of Five-Year Average Service Life Depreciation Rate for Membrane Elements of Membrane Softening Water Treatment Facility is granted. It is further

ORDERED that the provisions of this Order are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of the Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED this docket may be closed upon expiration of the protest period if no protest is received.

By ORDER of the Florida Public Service Commission this 10th day of September, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

by: Kay Wilson
Chief, Bureau of Records

MJF

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 1, 1992.

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.

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 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 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.