

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate)
increase in Seminole County by)
SANLANDO UTILITIES CORPORATION)

DOCKET NO. 900338-WS
ORDER NO. PSC-92-1356-FOF-WS
ISSUED: 11/23/92

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

ORDER APPROVING WATER CONSERVATION PLAN

BY THE COMMISSION:

Sanlando Utilities Corporation (Sanlando or utility) is a class A water and wastewater utility located in Altamonte Springs, Florida, which operates three water and two wastewater systems. Sanlando's entire service area lies within the St. Johns River Water Management District, which has declared its entire district, as a critical use area.

This Commission last considered these systems within a full rate case in Docket No. 900338-WS. Order No. 23809, issued on November 27, 1990, required Sanlando to submit a plan detailing the actions it will take to implement water conservation initiatives and to file a brief economic study of the feasibility of implementing spray irrigation within 90 days of the effective date of the Order. The utility was also ordered to hold \$25,008 in annual revenues, herein referred to as "set-aside funds," for future expenses specifically related to water conservation.

On March 19, 1991, Sanlando requested an extension of the 90 days so as to complete its water conservation plan. The Commission granted the extension in Order No. 24436 on April 25, 1991. Sanlando submitted its water conservation plan on June 28, 1991.

By Order No. 24920, issued on August 16, 1991, this Commission approved in part and denied in part the water conservation plan submitted by Sanlando. The utility's filing addressed only two of the three requirements specified in our Order. The economic study on the feasibility of implementing spray irrigation was not included in the utility's report. The utility proposed delaying the economic study on spray irrigation until a later date because the St. Johns River Water Management District issued consumptive use permits to the three golf courses in the Sanlando service area, which eliminated their immediate need for utility spray effluent.

DOCUMENT NUMBER-DATE

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PSC-RECORDS/REPORT

We have obtained additional information from the Water Management District that indicated that spray irrigation cost estimates were available to the utility.

In this Order we ordered the utility to file a plan containing the economic feasibility of spray irrigation, rate restructuring recommendations, and any other related suggestions for the use of the set-aside funds by September 30, 1991. The utility filed a supplement to the original water conservation plan on September 26, 1991.

The plan supplement was presented at our October 22, 1991, Agenda Conference. A representative of the Florida Audubon Society attended and expressed the Society's concern over Sanlando's current method of effluent disposal. He requested that this Commission deny approval of the plan supplement and require Sanlando to conduct a more thorough economic feasibility study. We determined that the plan supplement was unsatisfactory and deferred our vote to a later date. We instructed our staff to obtain a letter of intent from the St. Johns River Water Management District (SJRWMD) regarding its willingness to revoke the golf course consumptive use permits if spray effluent became available. We also instructed the utility to submit additional conservation alternatives along with a more detailed feasibility study.

Sanlando's Water Conservation Plan Addendum

We have obtained the required information from the SJRWMD. On September 21, 1992, the utility filed an addendum to its water conservation plan. The addendum presents Sanlando's plan for an effluent reuse program, an inclining block rate structure, and a report of the utility's conservation expenditures to date.

Regarding Sanlando's plan for an effluent reuse program, we learned that on July 10, 1992, the Department of Environmental Regulation (DER) renewed the permit authorizing Sanlando to continue operating its Wekiva wastewater treatment plant. The DER specified as a condition to granting the permit that Sanlando enter into preliminary discussions with this Commission to determine if we would allow implementation of water conservation rates to fund the construction and improvements needed to further treat and deliver reclaimed wastewater to the three golf courses located within Sanlando's service area. The permit requires that on-site plant modifications and improvements be completed by December 31, 1995, and that the distribution system be completed by December 31, 1996. All three golf courses are currently irrigating with on-site wells with combined estimated average daily usage of approximately

1 million gallons per day (MGD). As a result, Sanlando asserts its proposed reuse program, in addition to encouraging reduced water consumption by its customers, would result in an immediate and significant reduction in water resource withdrawal from Florida's diminishing potable water supply.

Sanlando updated and revised its previous studies related to the reuse of treated effluent produced by Sanlando's Wekiva wastewater treatment plant, which indicate that a system designed to maintain pressure for local system reuse on demand as well as for transmission to the respective golf courses would be advantageous and economical. The system would be designed with both on-site storage and pumping capabilities and have the ability to deliver slightly over 1 MGD to the three golf courses on an annual average basis, and another 225,000 gallons to commercial users in the vicinity of the main transmission route to the respective golf courses. The cost for the three golf course system is approximately \$1,820,000, and according to the utility's estimates, the three golf courses could accept approximately 50 percent of Sanlando's effluent.

According to the utility's plan, funding for the reuse facilities could be achieved by implementing an inclining block water rate structure. The utility proposes the structure below, beginning with the utility's existing gallonage charge of \$.355 per thousand gallons of water.

	<u>Charge Per</u> <u>1,000 Gallons</u>
0 to 10,000 gallons per month	\$.355
10,000 to 20,000 gallons per month	\$.50
20,000 to 30,000 gallons per month	\$.65
over 30,000 gallons per month	\$.85

In addition, the charge per thousand gallons for general service, multi-family and bulk sale users would be increased to 60 cents per thousand gallons. In theory, this rate structure would encourage water conservation as well as produce excess revenues which could be used to fund the reuse project. Any excess revenues would be deposited in an escrow account and held solely for capital expenditures related to the water reuse program. According to utility representatives, Sanlando does not intend to earn a profit on this project and any interest earned from the escrow account will be used for the reuse project. The utility has also proposed

that any unused portion of the \$25,008 currently being set-aside each year for conservation expenses should be applied to the implementation of the effluent reuse program.

Based on the foregoing, we find that Sanlando has met the requirements set forth in Orders Nos. 23809 and 24920. The utility has followed through with its short term conservation incentives to educate customers on water conservation. Sanlando has more fully developed the long range conservation goals of implementing a reuse program and a conservation rate structure. We hereby approve the addendum and incorporate it into the utility's existing water conservation plan.

The utility reports that its conservation expenditures to date have been \$22,140.25 for 1991, and \$18,051.63 for 1992, for a total of \$40,191.88. The utility asserts that the expenditures have been made in accordance with the water conservation plan and include such items as the development of the plan, various public information segments of the plan, and fees related to the development of the reuse portion of the plan. Order No. 24920 specified that the set-aside funds should be utilized for educational purposes for one year only. Accordingly, we believe that the utility's proposal to use the remaining portion of the annual set-aside funds for implementation of the reuse program may be appropriate. However, because we agree that it would be more appropriate to address implementation of the reuse program through a limited proceeding, we are not addressing these issues at this time. Representatives from the SJRWMD, FDER, and Florida Audubon Society have all expressed their approval of the concept and their interest in pursuing implementation of the reuse program.

Therefore, since the requirements of Orders Nos. 23809 and 24920 have been met, we hereby close this docket. However, the utility shall file a limited proceeding for the purpose of implementing the conservation program discussed in the body of this Order within nine months of the issuance date of this Order.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the proposed addendum to the conservation plan filed by Sanlando Utilities Corporation is approved as fulfilling the requirements of Orders Nos. 23809 and 24920 as set forth in the body of this Order. It is further

ORDERED that Sanlando Utilities Corporation shall file a limited proceeding to implement the conservation program discussed

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in the body of this Order within nine months of the issuance date of this Order.

ORDERED that this docket shall be closed. It is further

By ORDER of the Florida Public Service Commission, this 23rd day of November, 1992.



STEVE TRIBBLE, 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.