

FLORIDA PUBLIC SERVICE COMMISSION

SOUTHERN STATES UTILITIES

September 1, 1993

For the record, my name is John Richardson, Hernando County Commissioner. I sincerely appreciate the Public Service Commission (PSC) taking time from its busy schedule to hear the concerns of customers of Southern States Utilities (SSU), and Hernando County Government. Hernando County currently provides water and wastewater services to 13,281 water customers and 10,556 sewer customers through 14 separate wastewater systems throughout the unincorporated Hernando County area.

On March 25, 1987, Hernando County entered into a bulk wastewater treatment agreement with Deltona Utilities to provide 500,000 gallons of wastewater capacity at its Spring Hill Wastewater Treatment Plant for resale by Hernando County to developers and customers within Hernando County's service area. On April 3, 1990, the county amended the bulk capacity treatment agreement with SSU Utilities to add an additional 500,000 gallons of bulk treatment. The agreement amendment provides 1,000,000 gallons per day of wastewater treatment services which is equivalent to 5,000 homes. This is one-half the capacity of SSU's Spring Hill Wastewater Plant. Hernando County was very pleased in formulating this private/public sector arrangement as the SSU connection fee was somewhat lower than the Hernando County connection fee and that the treatment and disposal costs were comparable with Hernando County's wastewater rate.

DOCUMENT NUMBER-DATE

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The initial operation and maintenance rate from Deltona was \$2.15 per thousand gallons and has increased over the years to \$2.31 per thousand gallons. Hernando County charges \$2.25 per thousand gallons countywide. It should be pointed out that the PSC had approved Deltona and SSU to charge the bulk wastewater rate per thousand gallons without a facilities charge as Hernando County operates and maintains its wastewater collection system and bills its individual customers. The PSC approved the bulk rate under Order Number 14341 on May 2, 1985.

Under the bulk wastewater treatment arrangement, Hernando County would continue to operate its sewage collection system and individually bill its wastewater customers and SSU would bill the county based on \$2.15 per thousand gallons without a facilities (base-rate) charge. This SSU/Hernando County partnership has worked splendidly until recent approval of the rate increase to SSU. Obviously, if the \$4.09 per thousand bulk rate approved by the PSC is not changed, Hernando will be forced to pass the rate increase to its customers. Another option is to terminate the bulk wastewater agreement. This action would neither benefit SSU nor the county as each would be owning and operating its own wastewater treatment plant.

I have asked Richard Radacky, Hernando County Utilities Director, to share with you the impact that the final rate has on Hernando County's operating and maintenance budget and customer charges. After Mr. Radacky's presentation, I would like a closing comment on behalf of the Hernando County Water and Sewer District.

SOUTHERN STATES UTILITIES, INC.

APPROVED RATE INCREASE

Prior Rate

\$2.31 per 1,000	X	350,000 gallons	=	\$	295,103
	X	1,100,000 gallons	=	\$	843,150

SSU Proposed Rate

\$1.93 per 1,000	X	350,000 gallons	=	\$	246,557
	X	1,000,000 gallons	=	\$	704,450

Final Rate

\$4.09 per 1,000	X	350,000 gallons	=	\$	522,497
	X	1,000,000 gallons	=	\$	1,492,850

PLUS: Facilities Charge \$31,706 for 300,000 gallons

Proposed by SSU (\$1.93 per 1,000)

Savings

at 350,000 gallons	=	\$	48,545
at 1,000,000 gallons	=	\$	138,700

Final by FPSC (\$4.09 per 1,000)

Deficit

at 350,000 gallons	=	\$	227,395
at 1,000,000 gallons	=	\$	649,700
Facilities Charge			
Per Customer Impact			

\$129.94 per customer
<u>21.14</u> per customer
\$151.08

SOUTHERN STATES UTILITIES, INC.

FPSC APPROVED RATE INCREASE

GALLONAGE RATE: PER 1,000 GALLONS

<u>PRIOR RATE</u>	<u>PROPOSED BY SSU</u>	<u>INTERIM BY FPSC</u>	<u>FINAL BY FPSC</u>
\$ 2.31	\$ 1.93	\$ 3.57	\$ 4.09

FACILITY AVAILABILITY RATE:

<u>PRIOR RATE</u>	<u>PROPOSED BY SSU</u>	<u>INTERIM BY FPSC</u>	<u>FINAL BY FPSC</u>
\$ -0-	\$ -0-	\$ -0-	\$ 2,642.20 (MON) \$31,706.40 (YR)