

State of Florida

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DIVISION OF WATER &
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Public Service Commission

July 14, 1995

Mr. Wayne Schiefelbein
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, Florida 32308

RE: Docket No. 950387-SU, Application of Florida Cities Water Company, North Ft. Myers Division, Wastewater Operations, for increase in Wastewater Rates in Lee County, Florida.

Dear Mr. Schiefelbein:

This letter is drafted to identify specific questions that we have or information that we need to complete our analysis regarding the above-mentioned filing.

- 1) During the billing audit, staff discovered usage discrepancies for May 1995 (per utility-Cycle 8) -- Commercial usage. Recorded as usage for this month is 95,667(T) gallons as compared with other usage during the same year ranging between 5,786(T) and 6,710(T) gallons. Please explain the usage for this month and why it is so high compared to Cycle 8 usage in other months during 1995.
- 2) Similar to (1) above, Residential usage for February 1994 (per utility-Cycle 6), the usage was 16,502(T) gallons compared with other usage during 1994 ranging between 5,822(T) and 9,048(T) gallons. Please explain the usage for this month and why it is so high compared to Cycle 6 usage in other months during 1995.
- 3) Similar to (1) and (2) above, Residential usage for August 1994 (per utility-Cycle 8), the usage was 14,831(T) gallons compared with other usage during 1994 ranging between 6,207(T) and 8,324(T) gallons. Please explain the usage for this month and why it is so high compared to Cycle 8 usage in other months during 1995.

Staff notes that the utility is planning to utilize reuse of reclaimed water as a means of effluent disposal. In order for our staff to evaluate the cost of this service and determine whether these costs should be borne by the wastewater customers, the reuse customer(s),

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and/or the water customers of the utility, we will need the following information:

- 4) Lochmoor Country Club is named as the reuse customer on Schedule E-5, Page 1 of 1 (page 105). Please identify any other reuse customers, if any exist. Also, please identify any charges associated with these customers. Is the utility presently providing service to Lochmoor Country Club at no charge?
- 5) We note on page 288 of the filing you provide a copy of a memorandum from Jim Bishop regarding a rough draft contract for wastewater reuse at Lochmoor Country Club. Has this contract been finalized? Please provide a copy of the latest version of this contract.
- 6) Is the Lochmoor Country Club associated in any way with the utility or its management?
- 7) Does the utility anticipate any other reuse customers which may be served at some indeterminable time in the future?
- 8) Please provide detailed schedules of the estimated revenue requirement associated with the reuse customer. These schedules should include a breakdown of plant accounts (using Uniform System of Accounts) associated with the provision of reuse service along with a breakdown of operation and maintenance expenses (using Uniform System of Accounts).
- 9) Are there any utility assets which will be placed on the Lochmoor Country Club property to provide the reuse service? What is the value of these assets? Who will be responsible for the maintenance of these assets?
- 10) What plant needed to provide reuse to the Lochmoor Country Club property will be owned by the country club? Who will be responsible for the maintenance of this property?
- 11) Please describe the additional maintenance required at the treatment plant and in the field, including the Lochmoor Country Club property, as a direct result of the reuse plant additions, force mains, pumps, and the total reuse distribution system.
- 12) Schedule E-5, Page 1 of 1, (page 105) states "estimated" gallons per day (thousands) and calculates those gallons as 300. Is there actual usage data for the reuse customer? If so, please provide the usage data for the reuse customer. This "estimated" amount is located on page 287 (Section G). How was this number derived? Why is this number appropriate in the calculation of reclaimed water revenues?

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- A. Has the utility examined data from the DEP, the Water Management District or from Lochmoor Country Club to ascertain the historic withdrawal for irrigation? What was the historic withdrawal for the periods reviewed?
- 13) How did the utility calculate the reclaimed water rate of \$.13 per 1,000 gallon charge for the reuse customer on Schedule E-5, Page 1 of 1 (page 105)? Why does the utility believe this is an appropriate charge?
- 14) Provide an explanation as to why the costs associated with this reuse project should not be shared by the water customers of the utility.
- 15) Provide a copy of the Reuse feasibility study submitted to the DEP in accordance with Section 403.064, FS.
- 16) Did the utility explore any long-term effluent disposal options other than reuse? If so, provide an explanation to support the utility's conclusion that reuse is the best long-run alternative.

So that we may process this case as quickly as possible, please provide answers to these questions no later than July 31, 1995. If additional time is needed for any specific request, please contact me as soon as possible so that a revised date can be agreed upon.

Sincerely,



Marshall W. Willis, Chief
Bureau of Economic Regulation

MWW/ccg

cc: Division of Water and Wastewater (Hill, Rendell, Galloway, Walden, Xanders)
Division of Legal Services (Jaber, Jaeger)
Division of Records and Reporting