



Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: June 6, 1996
TO: Division of Records and Reporting
 Division of Legal Services, Bobbie Reyes
FROM: Division of Water & Wastewater, J. Travis Coker *JTC*
RE: Docket No. ~~960400-WS~~; Application for amendment of Certificate Nos. 533-W and 464-S in Lake County by Southlake Utilities, Inc.

Southlake Utilities, Inc. (Southlake or Utility) is a Class C utility located in Lake County. In the most recent data available, the 1995 annual report states that the utility water and wastewater operations had annual operating revenues of \$78,901 and net income of (\$218,962). The utility services 62 water customers and 61 wastewater customers.

On April 1, 1996, Southlake applied for an amendment to Water Certificate No. 533-W and Wastewater Certificate No. 464-S in Lake County, Florida. The territory in question consists of area in and around existing Southlake service territory. Nearly all of the requested amendment territory eliminates pockets within the Southlake service area. A portion of the requested area is marshlands and will never be developed. The description of the territory is generally described as:

That part of Section 27, Township 24 South, Range 26 East, Lake County, Florida, lying south of County Road 474. Less territory already served by Southlake Utilities, Inc.

That part of Section 26, Township 24 South, Range 26 East, Lake County, Florida, lying south of County Road 474 and west of US Highway No. 27. Less territory already served by Southlake Utilities, Inc.

That part of Section 26, Township 24 South, Range 26 East, Lake County, Florida, lying east of US Highway No. 27. Less the northeast quarter of the northeast quarter. And also less territory already served by Southlake Utilities, Inc.

Section 25, Township 24 South, Range 26 East, Lake County, Florida, less the northwest quarter of the northwest quarter. And also less: beginning at the northwest corner of the northeast quarter of the northwest quarter, run south 537.7 feet; northeasterly to the northeast corner of the northeast quarter of the northwest quarter; west to the Point of Beginning. And also less territory already served by Southlake Utilities, Inc.

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That part of Section 36, Township 24 South, Range 26 East, Lake County, Florida, lying north of US Highway No. 192. Less territory already served by Southlake Utilities, Inc.

That part of Section 35, Township 24 South, Range 26 East, Lake County, Florida, lying east of US Highway No. 27. Less territory already served by Southlake Utilities, Inc.

That part of Section 35, Township 24 South, Range 26 East, Lake County, Florida, lying west of US Highway No. 27. Less: the southwest quarter of the southwest quarter; the southwest quarter of the southeast quarter of the southwest quarter; the west half of the northwest quarter of the southeast quarter of the southwest quarter; the south half of the northwest quarter of the southwest quarter; the northwest quarter of the northwest quarter of the southwest quarter; the southwest quarter of the northeast quarter of the northwest quarter of the southwest quarter; the west half of the southwest quarter of the northwest quarter; the southwest quarter of the northwest quarter of the northwest quarter; less the south 60 feet of the southwest quarter of the southwest quarter of the southwest quarter. And also less: Beginning on the west side of US Highway 27, 60 feet north of the south line of the section; run west 230 feet, north 279.32 feet, east 152.02 feet, and southeast along the highway, 290 feet to the Point of Beginning. And also less: the south half of the northeast quarter of the southeast quarter west of the highway (less the north fifteen feet); the north 180.28 feet of the southeast quarter of the southeast quarter of the highway, less: beginning at the intersection of the west right-of-way of US Highway 27 with the south line of the north 180.28 feet of the southeast quarter of the southeast quarter; run northwesterly along the highway 175 feet, west 145 feet, south 164.25 feet, east 205.38 feet to the Point of Beginning. And also less territory already served by Southlake Utilities, Inc.

The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for amendment of certificate. The application contains a check in the amount of \$4,500 which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility has an agreement which provides for the continued use of the land as required by Rule 25-30.036(1)(d), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(1)(e),(f) and (i), Florida Administrative Code. The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, that it has tariffs and annual reports on file with the Commission.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers in the proposed territory. No objections to the notice of application have been received and the time for filing such has expired.

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Southlake has fully demonstrated the technical ability to serve the area. Southlake presently has operating capacity of 10.08 million gallons per day for its water transmission and distribution system. The utility also has operating capacity of 1.65 million gallons per day for its collection and transmission system. Southlake will add additional capacity as needed.

Southlake has provided proof of financial ability to meet the needs of serving a growing area. The utility provided extensive documentation, with technical and financial plans for extensive growth in Docket No. 940303. The utility has the backing of well financed partners and the utility will incur only twenty-five percent of the additional costs associated with the service area extension. Of this twenty-five percent, only forty percent will be financed by the utility stockholders equity. Sixty percent will be financed by long term debt. The remaining seventy-five percent will be financed in the form of contributions in aid of construction (CIAC). No significant impact is expected on the capital structure.

Several property owners have requested service in the area. The utility has stated that the provision of service will be consistent with the local comprehensive plans, which have been approved by the Department of Community Affairs. The local planning agency was provided notice of the application and did not file a protest to the amendment. The utility is still a relatively new provider, but has complied with all Commission requirements and regulations. Staff has contacted the Department of Environmental Protection and learned that there are no outstanding notices of violation.

The utility has indicated that the proposed amendment will have no significant impact on its existing rates and charges. Staff recommends that these rates and charges be applied to customers in the new service territory. The utility has filed revised tariff sheets incorporating the additional territory into its tariffs and returned its certificates for entry reflecting the additional territory.

Based on the above information, staff believes it is in the public interest to grant the application of Southlake Utilities, Inc. for amendment of Water Certificate No. 533-W and Wastewater Certificate No. 464-S for the territory described. Staff recommends that an administrative order be issued granting Southlake's amendment of Water Certificate No. 523-W and Wastewater Certificate No. 464-S in Lake County. Furthermore, staff recommends that this docket be closed.

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