

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

MAY 29, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (XANDERS) *MS*  
DIVISION OF LEGAL SERVICES (VACCARO) *MS*

RE: DOCKET NO. 970530-WU: REQUEST TO ESTABLISH RECLAIMED  
WATER RATE FOR H&S GROVE IN BREVARD COUNTY BY FLORIDA  
CITIES WATER COMPANY - BAREFOOT BAY DIVISION

AGENDA: JUNE 10, 1997 - REGULAR AGENDA - SUSPENSION OF TARIFF -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: JULY 3, 1997

SPECIAL INSTRUCTIONS: I:\PSC\WAW\WP\970530WU.RCM

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DOCUMENT NUMBER-DATE

05374 MAY 29 97

FPSC-RECORDS/REPORTING

CASE BACKGROUND

Florida Cities Water Company, Barefoot Bay Division, (FCWC or utility) is a Class A utility providing water and wastewater service to approximately 4,458 water and 4,440 wastewater customers in a predominately residential area of Barefoot Bay, Florida. The utility's most recent rate case, Docket No. 951258-WS, was filed on November 6, 1995 with a test year ended June 30, 1996. In this rate case, the Commission granted annual water revenues of \$118,058 and wastewater revenues of \$955,549, representing increases of 14.87% for the water system and 106.97% for the wastewater system. The docket remains open pending the verification of the wastewater refund required by Order No. PSC-97-0516-FOF-WS, issued May 5, 1997. The Barefoot Bay system is in an area that has been designated by the St. Johns River Water Management District (SJRWMD) as a critical water resource caution area.

FCWC disposes of its effluent through the reuse of reclaimed water. One of its disposal sites is a large tract of land owned by FCWC known as the H&S Groves. In the rate case, the Commission considered whether any revenue for the sale of effluent on the H&S Groves should be imputed. This was an issue because there was a possibility that the utility could lease the land to an agricultural interest and receive additional revenues from that lease. Since it appeared that the land would not be generating any revenue for some time, by Order No. PSC-96-1147-FOF-WS, issued September 12, 1996, no revenue was imputed and the utility was ordered to file status reports that would inform the staff as to the progress toward any leases.

Since the issuance of Order No. PSC-96-1147-FOF-WS, the utility has filed the required reports and by letter dated April 30, 1997, the utility informed the Commission staff that it had found an agricultural interest to lease the land. Included with the letter was a tariff sheet for a reclaimed water rate for the provision of reuse service to the agricultural interest.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Cities Water Company's proposed tariff sheet reflecting the utility's request for a reclaimed water rate for the H&S Groves be suspended?

RECOMMENDATION: Yes, Florida Cities Water Company's proposed tariff sheet reflecting the utility's request for a reclaimed water rate for the H&S Groves should be suspended pending further investigation by staff. (XANDERS)

STAFF ANALYSIS: Pursuant to Section 367.091(5), Florida Statutes, the rate schedules proposed by the utility shall become effective within sixty (60) days after filing, unless the Commission votes to withhold consent to implementation of the requested rates. Section 367.091(5), Florida Statutes, states that the Commission may withhold consent to the operation of any or all portions of new rate schedules, by a vote to that effect within 60 days giving a reason or statement of good cause for withholding that consent.

The utility has entered into a lease agreement with South Florida Sod, Inc. (SF Sod). According to the agreement, SF Sod will lease the H&S Groves from the utility and it will use the land for agricultural purposes such as growing citrus and sod. The lease also requires SF Sod to use reclaimed water from the utility to irrigate the crops. FCWC has requested a reuse rate of zero for this service. Staff has reviewed the filing and has considered the utility's proposed rates and the information filed in support of the request. We believe it is reasonable and necessary to require further amplification and examination of the data supplied by the utility. Staff recommends that the proposed tariff sheet be suspended allowing time to thoroughly review the utility's request for a new reclaimed water rate.

Therefore, the staff recommends that the proposed tariff sheet which supports the utility's request for a reclaimed water rate for the H&S Groves be suspended pending further discovery by staff.