

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for amendment
of Certificate No. 401-W to
include additional territory in
Highlands County by Placid Lakes
Utilities, Inc.

DOCKET NO. 970231-WU
ORDER NO. PSC-97-1148-FOF-WU
ISSUED: September 30, 1997

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA

ORDER GRANTING AMENDMENT AND
CLOSING DOCKET

BY THE COMMISSION:

Background

On February 21, 1997, Placid Lakes Utilities, Inc. (Placid
Lakes or utility) filed an application with this Commission for
amendment of Certificate No. 401-W to include additional territory
in Highlands County. Placid Lakes is a Class B utility which
currently provides water service to approximately 1,263 customers.
There are a total of 51 platted lots in the additional territory,
and some small tracts of land zoned for agriculture. Owners of
thirty-five of the lots have requested service from Placid Lakes.
Eleven of the thirty-five lots have contaminated wells.

According to the utility, the eleven customers have been
calling and stopping by its office anxious for service. In
addition, a customer contacted the Commission staff stating his
frustrations at not having utility water service. Because of the
urgency, Placid Lakes has requested to begin the extension
immediately in order to provide safe drinking water to the
customers.

DOCUMENT NUMBER-DATE

09990 SEP 30 5

FPSC-RECORDS/REPORTING

Letter filed by "Caldwell/Grenewsky"

On April 22, 1997, this Commission received a letter signed "Caldwell/Grenewsky" which appeared to be an objection to Placid Lakes' application to amend its service area. In the letter, "Caldwell/Grenewsky" was concerned that the amendment would cause his rates to increase, the road to and from his property would be "torn up," and the water pressure would be less. On May 30, 1997, the Commission staff responded to the objection addressing the concerns set forth therein. No response was received.

On June 17, 1997, the Commission legal staff attempted to contact "Caldwell/Grenewsky" through directory assistance; directory assistance did not have a listing for Mr. Grenewsky. When contacted, the utility indicated that it did not have a customer named Grenewsky. They believed at one time there was a Mr. Grenewsky, but that the individual had moved. The utility stated that the house at the address on the April 22, 1997 letter is owned by Mr. Nelson L. Caldwell, Jr.

When contacted, Mr. Caldwell stated that he had not signed the letter, and in fact, had no objection to the amendment. He further stated that he did not have a tenant named Grenewsky. The tenant at the address given on the letter is named Hoffman. The Commission did not receive an objection from Mr. Hoffman. On June 26, 1997, the Commission received a letter from Mr. Caldwell stating that he has no objection to the amendment and that he was unable to identify anyone with the name "Grenewsky."

On June 18, 1997, the Commission legal staff sent a letter to Mr. Grenewsky addressing all of his concerns and our efforts to reach him by telephone. That letter informed Mr. Grenewsky that the amendment should not cause the rates of the current customers to increase. The Department of Environmental Protection has agreed to fund the major portion of the construction, with the remaining costs being paid by the utility and new customers connecting to the system. With regard to water pressure, Placid Lakes has installed another well and additional plant to serve the area requested. As for the road being "torn up," it is our understanding that the construction will be beyond the address shown on the objection, and, therefore, should not be a problem. We also informed Mr. Grenewsky that we had contacted Mr. Caldwell and he had no objection to the amendment. Mr. Grenewsky was asked to advise the Commission in writing by July 1, 1997, if he still wished to object

and to explain how his interests were affected. No response was received.

On July 8, 1997, the legal staff sent a third letter to Mr. Grenewsky informing him that since we had not received a response to our June 18, 1997 letter, his letter would not be treated as an objection, and that the application would be processed administratively.

On July 14, 1997, the legal staff received a telephone call from Mr. Hoffman. He was very angry, stating that he had been out of town and had not given anyone permission to cancel his objection. Mr. Hoffman was informed that the Commission had not received an objection from him; that the only objection we had received was from a Caldwell/Grenewsky; and that we had responded to all of Mr. Grenewsky's concerns. Mr. Hoffman stated that we had not responded to the most important issue, that of the road being "torn up" because of the extension. During the conversation, Mr. Hoffman admitted to writing the letter from Caldwell/Grenewsky. Mr. Hoffman stated that Grenewsky is his fiance and that they had since married. He further stated that he did not sign Mr. Caldwell's name; he printed it. After further discussion, Mr. Hoffman stated that he no longer objected to the amendment.

Because all of the concerns in the April 22, 1997 letter from "Caldwell/Grenewsky" have been addressed, and Mr. Hoffman no longer wishes to object to the amendment, we do not find it appropriate to treat the April 22, 1997 letter as an objection.

Special Service Availability Agreement

On August 15, 1997, the Florida Department of Environmental Protection (DEP) entered into a Special Service Agreement with Placid Lakes in order to provide primary funding for a main extension to serve eleven individuals with contaminated wells. Pursuant to Section 367.307, Florida Statutes, the DEP Water Supply Restoration Program is authorized to expend funds from the Water Quality Assurance Trust Fund to restore or replace contaminated potable water systems. This statute provides for subsidies to connect these potable water supplies to existing public water supply systems or extensions thereof, provided that no such subsidy shall exceed the present worth of the ten-year cost of providing and maintaining filters for the residents served by the connections. The ten-year present worth cost of providing filters

to the homes at issue on the proposed water line extension is \$62,500.

The provisions of the Special Service Availability Agreement are that the DEP will pay the utility's Commission-approved \$330 meter installation charge, the \$315 plant capacity charge, and \$300 for a backflow prevention device for each of the eleven customers. Placid Lakes does not have a tariff charge for backflow prevention devices. However, the DEP requires that these devices be installed in the case of contaminated wells. The total cost to provide the connection charges is \$10,395. Pursuant to the above-mentioned statute, the remaining portion to be paid by the DEP is \$52,105 which is the difference in total funding available and the maximum connection fees to be paid by DEP. It is estimated that the cost of the main extension, including engineering and construction, will be approximately \$70,000. Placid Lakes will pay the remaining costs of \$17,895.

The Special Service Agreement was necessary for two reasons. First, Placid Lakes recently changed its service availability policy from accepting donated lines and executing refundable advances, to not accepting donated lines and instead, implementing the charges previously identified and approved by Order No. PSC-96-0679-FOF-WU, issued May 23, 1996, in Docket No. 950697-WU. That Order stated that the utility contended that the policy of executing refundable advances was actually causing it to lose potential customers. The DEP agreement would cover the service availability charges and provide for recovery of a substantial portion of the main extension expense, which would then be donated to the utility. The second reason is the mandatory installation of backflow prevention devices by the DEP, which is not authorized by the utility's tariff.

Placid Lakes indicated that the area to be served by the main extension will ultimately serve an additional 24 ($35 - 11 = 24$) customers. Based on the new service availability charges mentioned above, Placid Lakes should recover a portion of the estimated \$17,895 investment when the 24 additional customers connect.

After reviewing the Special Service Availability Agreement, we find that it benefits the short and long-term interests of the customers and the utility. The new customers will receive uncontaminated drinking water and allow DEP to obtain a permanent solution for the residents. Existing customers should not be affected through rates because the DEP is paying for the majority

of the extension, and a large portion of the remainder can be recovered by connection fees. With the installation of the line, the utility believes that there is opportunity for some additional growth in the area. Because of the contaminated water, the customers want and need potable water service as soon as possible.

In view of the foregoing, we find it appropriate to approve the Special Service Availability Agreement between Placid Lakes and DEP. We further find it appropriate to approve Placid Lakes' request to proceed immediately with the design and construction of the extension to serve potable water to the customers.

Application

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains a filing fee in the amount of \$100, as required by Rule 25-30.020, Florida Administrative Code. Placid Lakes provided a copy of a warranty deed as proof that it owns the land upon which the facilities are located, pursuant to Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and systems maps and a territory description have been provided, as prescribed by Rule 25-30.036(3)(e), (f), and (i), Florida Administrative Code. The territory which Placid Lakes has requested to serve is shown on Attachment A of this Order, which by reference is incorporated herein.

Placid Lakes provided proof of compliance with the noticing requirements set forth in Rule 25-30.030, Florida Administrative Code. As discussed previously, an objection to the application was filed on April 22, 1997. All concerns in the objection have been addressed and the letter is not being treated as an objection. The local planning agency was provided notice of the application and did not file a protest to the amendment. In addition, according to the DEP, there are no outstanding notices of violation against the utility.

Placid Lakes has been in existence since 1970 providing satisfactory service to its customers. The utility is operated and maintained by a licensed operator. Before expansion, the water treatment plant had a design capacity of 664,000 galls per day (gpd). The plant is now permitted for 1,104,000 gpd. With this

expansion, the utility estimates that it can add 1,250 additional water connections. Therefore, it appears that Placid Lakes has the capacity and technical ability to serve the additional customers in the requested territory. Further, because of a recent staff assisted rate case and payment of the majority of the cost by DEP, it appears that Placid Lakes has the financial ability to provide service to the customers in the additional territory.

Based on the foregoing, we find that Placid Lakes' request to amend Certificate No. 401-W to include additional territory in Highlands County is in the public interest and it is approved. A description of the additional territory is shown on Attachment A of this Order. Placid Lakes has returned Certificate No. 401-W to the Commission for entry reflecting the additional territory.

Rates and Charges

Placid Lakes' current rates became effective on June 14, 1996, pursuant to Order No. PSC-96-0679-FOF-WU, issued in Docket No. 950697-WU. Placid Lakes' current charges became effective on July 17, 1995, pursuant to Order No. PSC-95-0848-FOF-WU, issued in Docket No. 950486-WU. Placid Lakes shall charge the customers in the additional territory the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. The utility has filed revised tariff sheets reflecting the additional territory.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Certificate No. 401-W, held by Placid Lakes Utilities, Inc., 2000 Jefferson Avenue, North, Lake Placid, Florida 33852-9749, is hereby amended to include the territory shown on Attachment A of this Order. It is further

ORDERED that the Special Service Availability Agreement between Placid Lakes Utilities, Inc. and the Department of Environmental Protection is hereby approved. It is further

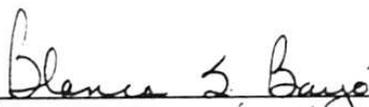
ORDERED that Placid Lakes Utilities, Inc.'s request to be allowed to proceed immediately with the design and construction of the extension to serve potable water to the customers in the additional territory is hereby approved. It is further

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ORDERED that Placid Lakes Utilities, Inc. shall charge the customers in the additional territory the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that Docket No. 970231-WU is hereby closed.

By ORDER of the Florida Public Service Commission this 30th day of September, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/or wastewater 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 Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

ATTACHMENT A

PLACID LAKES UTILITIES, INC

HIGHLANDS COUNTY

CATFISH CREEK ROAD

Township 37 South, Range 29 East in Sections 2 and 11

Commence at the Southeast corner of Section 2, Township 37 South, Range 29 East; thence run North 00° 13' 00" West along the East Section Line of said Section 2 for a distance of 780.16 feet to the Point of Beginning; thence continue North 00° 13' 00" West along the East Section Line of said Section 2 for a distance of 962.36 feet; thence run South 83° 36' 00" West for a distance of 455.19 feet; thence run South 01° 38' 25" East for a distance of 739.01 feet; thence run South 50° 42' 02" West for a distance of 1,599.11 feet; thence run South 59° 55' 57" West for a distance of 1,888.03 feet; thence run South 82° 07' 25" West for a distance of 1,070.81 feet, thence run South 38° 16' 10" East for a distance of 310.00 feet; thence run along the arc of a curve to the left having the following elements: (Radius 500.00 feet, Central angle = 08° 52' 00". Arc length 77.38 feet, Chord length = 77.30 feet, Chord Bearing = South 42° 41' 44" East), thence run South 47° 08' 10" East for a distance of 888.54 feet; thence run North 42° 51' 50" East for a distance of 373.44 feet; thence run North 65° 22' 58" East for a distance of 470.85 feet; thence run North 80° 57' 52" East for a distance of 605.70 feet; thence run North 80° 58' 39" East for a distance of 815.00 feet; thence run South 89° 08' 52" East for a distance of 130.75 feet; thence run South 88° 47' 43" East for a distance of 386.18 feet; thence run along the arc of a non-tangential curve to the left having the following elements: (Radius 1,000.00 feet, Central angle = 79° 00' 52". Arc length 1,379.06 feet, Chord length = 1,272.35 feet, Chord Bearing = North 23° 59' 16" West); thence run North 54° 25' 00" East for a distance of 1,704.89 feet to the Point of Beginning, containing 4,135,082 square feet or 94.9284 acres more or less.