

FLORIDA PUBLIC SERVICE COMMISSION  
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MEMORANDUM

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

FROM: DIVISION OF WATER & WASTEWATER (REDEMAN, CROUCH, MESSER) *RCM* *RC* *BSM* *PDW*  
DIVISION OF LEGAL SERVICES (OTTINOT) *HO* *bl*

RE: DOCKET NO. [REDACTED] - APPLICATION FOR AMENDMENT OF  
CERTIFICATE NO. 363-W BY SUNSHINE UTILITIES OF CENTRAL  
FLORIDA, INC.  
COUNTY: MARION

AGENDA: FEBRUARY 17, 1998 - REGULAR AGENDA - THE PORTION OF ISSUE  
1 ADDRESSING THE SPECIAL SERVICE AVAILABILITY AGREEMENT  
IS PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY  
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\971297WU.RCM

DOCUMENT NUMBER DATE

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FPSC RECORDS/REPORTING

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

#### CASE BACKGROUND

Sunshine Utilities of Central Florida, Inc. (Sunshine or utility) is a Class B utility company which provides water service to approximately 2,584 water customers. Wastewater service is provided by septic tanks. The utility's 1996 annual report shows an annual operating revenue of \$700,856 and a net operating income of \$52,654.

Pursuant to Section 367.045, Florida Statutes, on October 7, 1997, Sunshine filed an application for amendment of Certificate No. 363-W to add territory in Marion County. The utility proposes to provide service to an area adjacent to their Lakeview Hills water system. According to the utility, the requested amendment of its service area would allow it to provide service to seven mobile homes residents whose private wells have been contaminated.

Pursuant to Rule 25-30.036(2), Florida Administrative Code, the Commission has the authority to administratively approve applications for amendment when no objections have been filed and the application is without controversy. This case is being brought to the attention of the Commission to approve a Special Service Availability Agreement (Agreement) with the utility and the Department of Environmental Protection (DEP). Staff will address the aforementioned Agreement in Issue 1.

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Special Service Availability Agreement be approved?

**RECOMMENDATION:** Yes, the Special Service Availability Agreement between the Florida Department of Environmental Protection and Sunshine Utilities of Central Florida, Inc. should be approved. The portion of this issue recommending approval of the Special Service Availability Agreement should be issued as proposed agency action. The utility should be required to file a revised tariff sheet specifying the charges in Orders Nos. 20707 and 17733. (MESSER, REDEMANN, OTTINOT)

**STAFF ANALYSIS:** On January 20, 1998, the Florida Department of Environmental Protection (DEP) entered into a Special Service Agreement (Agreement) with Sunshine in order to provide primary funding for a main extension to serve seven (7) individuals with contaminated wells. Pursuant to Section 376.307, 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 10-year cost of providing and maintaining filters for the residents served by the connections. The 10-year present worth cost of providing filters to the homes at issue on the proposed water line extension is \$31,885.32.

The provisions of the Agreement are that the DEP will pay the utility a \$342.86 hook up fee [(\$400/ERC x 300 gpd (mobile home)/350 gpd residential house = \$342.86)], and a \$15 miscellaneous service charge. The utility also proposes to charge \$117 for a backflow prevention device for each of the 7 customers. Sunshine 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 sum of these three connection charges totals \$476.86. This portion of the cost represents the utility's connection fees, and will be reimbursed by the DEP at a total amount of \$3,324.02 (\$476.86 x 7 = \$3,324.02). Pursuant to the above mentioned rule, the remaining portion to be paid by the DEP is \$28,561.30, which is the difference in total funding available and the maximum connection fees to be paid by the DEP. The total estimated amount including engineering and construction costs associated with the main extension are approximately \$31,885.32.

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

This Agreement was necessary for two reasons. The utility does not have a provision in to accept donated lines in its tariff. The DEP Agreement would cover the service availability charges and provide for recovery of all 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.

The staff believes that the Agreement 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 these residents. Therefore, the staff recommends that the Special Service Availability Agreement between the Florida Department of Environmental Protection and Sunshine should be approved.

In researching the appropriate service availability charges for the Agreement, the staff discovered that a correction should be made to the utility's tariff. The correct service availability charges for the Lakeview Hills system became effective on August 10, 1989, pursuant to Order No. 20707, issued February 28, 1989 in Docket No. 880907-WU, a transfer case. In addition, another water system, the Whispering Sands system has incorrect service availability rates in its tariff. Order No. 17733, issued on June 22, 1987, in Docket No. 870181-WU granted the transfer of the Whispering Sands system to Sunshine. The service availability charge approved was a customer connection charge of \$300. No meter charge was approved in that order.

In the last revision of the tariff, these charges were inadvertently canceled. The purpose of the revision was to comply with the Water and Wastewater Division's model tariff. Therefore, no changes in rates should have occurred in the tariff. Staff's research indicates this was an administrative error, and recommends the utility refile the correct charges. The charges for all the systems are as follows:

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

Service Availability Charges  
All Systems Except Whispering Sands and Lakeview Hills

Meter Installation Charges

5/8" x 3/4" - \$100  
1" and above - Actual Cost

System Capacity Charge

Per ERC - \$420

Whispering Sands (1)  
Customer Connection Charge

Per Quadraplex - \$300 (Includes meter and service line connection)

Lakeview Hills (2)  
Connection Charge

Per ERC - \$400 (Includes meter and service line connection)

(1) Transferred to Sunshine Utilities by Order No. 17733, issued on June 22, 1987.

(2) Transferred to Sunshine Utilities by Order No. 20707, issued on February 6, 1989.

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

**ISSUE 2:** Should Sunshine's application for amendment of Water Certificate No. 363-W be acknowledged?

**RECOMMENDATION:** Yes, Sunshine's application should be acknowledged for the additional territory described in Attachment A. (REDEMANN, CROUCH)

**STAFF ANALYSIS:** As stated earlier, on October 7, 1997, the utility filed an application for a quick take amendment to Certificate No. 363-W in Marion County, Florida pursuant to Rule 25-30.036(2) and (3), Florida Administrative Code. Pursuant to Rule 25-30.036(2), Florida Administrative Code, a quick take amendment could be administratively approved by the staff. However, as discussed in Issue 1, the amendment also involved a special service agreement between the utility and the DEP. Therefore, this application has been brought to the Commission.

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 \$100 which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and a territory description have been provided as prescribed by Rule 25-30.036(3)(e), and (i), Florida Administrative Code. A description of the territory requested by the utility is appended to this memorandum as Attachment A.

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. No objections to the application have been received and the time for such has expired. The local planning agency was provided notice of the application and did not file a protest to the amendment.

The application states that the seven customers wells have been contaminated and the DEP currently has these systems on water filters. To serve these customers the utility will extended their water lines. DEP has no outstanding notices of violation issued for this system.

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

The utility has been in existence since 1974. The Lakeview Hills water treatment plant has a design capacity of 57,000 gallons per day (gpd) and the current peak flows is 15,300 gpd. This amendment consists of seven customers and they can be easily be added to the water treatment plant.

The utility proposes that the water lines will be contributed by the DEP. Further detail on the contributed water lines was discussed in Issue 1. Staff believes that this amendment will have no negative effect on the financial ability of the utility.

The utility has filed revised tariff sheets incorporating the additional territory into its tariff and returned its certificate for entry reflecting the additional territory. Sunshine's approved rates were effective September 13, 1997, pursuant to WS-97-0125, a price index. The utility's rates were set by Order No. PSC-94-0738-POF-WS, issued June 15, 1994 in Docket No. 900386-WU, a rate case. As stated earlier, Sunshine's approved service availability charges were effective August 10, 1984, pursuant to Order No. 20707, issued February 28, 1989 in Docket No. 880907-WU, a transfer case involving the Lakeview Hills system. Sunshine should charge the customers in the territory added herein the rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding, as revised in Issue 1.

In accordance with this rule, a request for service expansion shall be considered approved if no protest is timely filed to the application. As stated earlier, no protests have been filed and the time for such has expired.

Based on the above information, staff believes it is in the public interest to acknowledge the quick take amendment application for Sunshine, to add the additional territory described in Attachment A.

DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed if no timely protests are filed to the proposed agency action issue. (Ottinot)

STAFF ANALYSIS: If there are no timely protests to the portion of Issue 1 recommending approval of the special service availability agreement issued as proposed agency action, no further action will be required and the docket should be closed.



DOCKET NO. 971297-WU  
DATE: FEBRUARY 5, 1998

ATTACHMENT A

SUNSHINE UTILITIES OF CENTRAL FLORIDA, INC.

MARION COUNTY

LAKEVIEW HILLS WATER SERVICE AREA

Township 17 South, Range 23 East

Section 1

Beginning at the Southwest corner of Section 1, Township 17 South, Range 23 East; thence run North  $89^{\circ}31'48''$  East a distance of 800.00 feet; thence North  $89^{\circ}31'48''$  East a distance of 520.99 feet; thence North  $00^{\circ}09'18''$  West for a distance of 1179.79 feet; thence South  $67^{\circ}22'30''$  East for a distance of 1401.12 feet; thence North  $00^{\circ}19'53''$  West for a distance of 1062.45 feet; thence South  $89^{\circ}06'59''$  West for a distance of 340.00 feet; thence South  $00^{\circ}19'53''$  East for a distance of 20.00 feet, thence South  $89^{\circ}06'59''$  West for a distance of 283.00 feet; thence North  $00^{\circ}19'53''$  West for a distance of 59.61 feet; thence South  $88^{\circ}42'57''$  West for a distance of 426.51 feet; thence South  $00^{\circ}19'53''$  East for a distance of 173.08 feet; thence North  $67^{\circ}22'30''$  West a distance of 664.00 feet, more or less; thence North  $27^{\circ}14'14''$  East for a distance of 340.98 feet; thence North  $71^{\circ}01'10''$  West for a distance of 244.18 feet, more or less; thence South  $21^{\circ}15'10''$  West for a distance of 324.44 feet; thence North  $67^{\circ}22'30''$  West a distance of 331.70 feet; thence South  $00^{\circ}01'09''$  West for a distance of 470.22 feet; thence South  $67^{\circ}22'30''$  East a distance of 233.29 feet, more or less; thence due South a distance of 485.65 feet; thence continue due West a distance of 660.00 feet; thence due South a distance of 975.05 feet to the Point of Beginning. Containing 69 acres, more or less.