

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the level)	DOCKET NO. 861201-WS
of water and sewer earnings of Hydra-)	ORDER NO. 20942
tech Utilities, Inc., in Martin)	ISSUED: 3-27-89
County)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER RETAINING SERVICE AVAILABILITY CHARGES

BY THE COMMISSION:

BACKGROUND

Hydratech Utilities, Inc., ("utility"), provides water and wastewater services to approximately 3,000 residential and general service customers in Martin County. By Order No. 16871, issued November 6, 1986, this Commission initiated an investigation of the utility's existing rates and charges. Continued collection of said charges was made subject to refund.

By Order No. 18367, issued November 2, 1987, the Commission proposed a refund for water and wastewater rates. No objection to that proposed action was filed and, by Order No. 18477, issued November 25, 1987, the refund proposed by Order No. 18367 became final. Order No. 18477 also authorized the utility to continue to collect its existing service availability charges, subject to refund, pending completion of its proposed construction. An additional letter of credit and monthly construction reports were also required.

The potential refund of service availability charges was secured by \$500,000 corporate undertaking, as guaranteed by Gerald W. Bobo and Terry M. Keathly, pursuant to Order Nos. 18731, issued January 25, 1988, and Order No. 19216, issued April 25, 1988.

SERVICE AVAILABILITY CHARGES

The utility's existing service availability charges are \$300 per equivalent residential connection, ("ERC"), for water and \$300 per ERC for wastewater. The utility requires developers to install and donate all on-site and off-site lines.

On December 31, 1986, staff's investigation indicated that the utility's contribution levels exceeded 100% for both water and wastewater. Order No. 18367 authorized continued collection of existing service availability charges, subject to refund, pending completion of system improvements necessary to serve current and future customers.

Water system improvements have been completed. The utility submitted summary schedules indicating expenditures of \$1,078,913. High service pumps, a 500,000 gallon storage tank,

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a 300 gallon per minute well and chlorination equipment were added to the water system. With this additional utility investment, the contribution level is 60%. In Docket No. 880882-WU, the utility has an approved projected test year of June 30, 1989 for a rate case for the water system. Further analysis will be completed during the rate case to determine the propriety of a higher charge to increase the contribution level to the the Commission's target 75% level pursuant to Rule 25-30.580, Florida Administrative Code. Accordingly, we find it appropriate to retain the existing \$300 per ERC service availability charge for the water system pending completion of the rate case analysis.

Wastewater system improvements have been completed. The utility submitted a summary schedule indicating expenditures of \$276,664. Force mains have been added and tertiary filters have been expanded. With this additional utility investment, the contribution level is approximately 87%. Although this contribution level exceeds our target 75% contribution level, modification of service availability charges would not be appropriate at this time. The recently completed improvements did not increase the overall capacity of the wastewater system. The utility is in a fast growing area and additional treatment capacity will be required soon. Any reduction of existing charges would be for the short period before new construction plans become available and the utility requests increased charges. It would not be in the long term best interests of the customers to require the utility to file additional data to justify the current charges, or even higher charges, at this time. The utility is well run and the owners are unlikely to abandon the system. Therefore, we find it appropriate to retain the \$300 per ERC wastewater plant capacity charge.

In view of the approval of the service availability charges, the corporate undertaking and personal financial guarantee of Messers Bobo and Keathly may be released.

TARIFF

The utility's approved tariff does not contain an adequate description of the approved service availability policy. Therefore, it is appropriate to require the utility to file revised tariff sheets which fully describe the authorized policy and charges within 20 days of the date of this Order.

WHEREFORE, in consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the existing water service availability charges of \$300 per equivalent residential unit and the existing wastewater service availability charges of \$300 per equivalent residential unit for Hydratech Utilities, Inc. shall be retained. It is further

ORDERED that Hydratech Utilities, Inc. shall continue to require developers to install and donate all on-site and off-site lines. It is further

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ORDERED that the corporate undertaking of Hydratech Utilities, Inc., is released. It is further

ORDERED that the personal guarantees of Messers Bobo and Keathly is released. It is further

ORDERED that Hydratech Utilities, Inc. shall file revised tariff sheets in accordance with this Order within 20 days of the date of this Order. It is further

ORDERED that Docket No. 861201-WS is hereby closed.

By ORDER of the Florida Public Service Commission,
this 27th day of MARCH, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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 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 or sewer 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.