

MEMORANDUM

May 18, 1998

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MAY 19 1998

10:45
FPSC - Records/Reporting

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (FLEMING) *SRF MS*

RE: DOCKET NO. 971204-WU - APPLICATION FOR AMENDMENT OF
CERTIFICATE NO. 401-W TO ADD TERRITORY IN HIGHLANDS
COUNTY BY PLACID LAKES UTILITIES, INC.

98-0687-FOF-WU

Attached is an ORDER DECLINING TO INITIATE SHOW CAUSE
PROCEEDINGS, AMENDING CERTIFICATE TO INCLUDE ADDITIONAL TERRITORY,
AND CLOSING DOCKET, to be issued in the above-referenced docket.

(Number of pages in order - 9)

SRF/lw

Attachment

cc: Division of Water and Wastewater (Redemann)

I:971204.SRF

*pages
marked - 10*

CK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 971204-WU
ORDER NO. PSC-98-0687-FOF-WU
ISSUED: May 19, 1998

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER DECLINING TO INITIATE SHOW CAUSE
PROCEEDINGS, AMENDING CERTIFICATE TO
INCLUDE ADDITIONAL TERRITORY,
AND CLOSING DOCKET

BY THE COMMISSION:

BACKGROUND

Placid Lakes Utilities, Inc. (Placid Lakes or utility) is a Class B utility which provides water service to approximately 1,263 water customers in Highlands County. Wastewater service is provided by septic tanks. The utility's 1996 annual report shows an annual operating revenue of \$194,663 and a net operating income of \$8,572.

On September 15, 1997, Placid Lakes filed an application for amendment of Certificate No. 401-W to add territory in Highlands County, pursuant to Section 367.045(2), Florida Statutes. By Order No. PSC-98-0341-FOF-WU, issued on February 27, 1998, the utility was granted a variance of Rule 25-30.036(3)(e), Florida Administrative Code, which requires utilities to provide territory descriptions of the area to be served using township, range, section, metes and bounds references. There are two separate areas in this amendment application. The utility was allowed a variance of Rule 25-30.036(3)(e), Florida Administrative Code for the first area. This area was originally deleted in Docket No. 860532-WU, by

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 971204-WU
PAGE 2

Order No. 17372, issued April 7, 1987. The second area is an area the utility has been serving since the Commission took over jurisdiction in the early 1980's and was inadvertently left out the original territory description. When the utility was revising its tariffs, the utility determined that 44 customers were outside of its certificated area, which is an apparent violation of Section 367.045(2), Florida Statutes.

SHOW CAUSE

As discussed earlier, at the time of the application, Placid Lakes was serving 44 customers outside of its certificated area. Pursuant to Section 367.045(2), Florida Statutes, a utility may not delete or extend its service area outside the area described in its certificate of authorization until it has obtained an amended certificate of authorization from the Commission. Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated, any provision of Chapter 367, Florida Statutes.

Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). The utility's failure to obtain antecedent Commission approval to extend its service area outside the area described in its certificate of authorization appears to be willful in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL titled In Re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., the Commission, having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

The utility indicates that it has been serving the East 1/2 of Section 9, Township 37 South, Range 29 East, part of the area proposed to be added, since the Commission took over jurisdiction in the early 1980's and that this area should have been included in its grandfather certificate. See Order No. 12954. The utility was under the notion that the entire service area it was serving

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 971204-WU
PAGE 3

before the Commission assumed jurisdiction was included in its grandfather certificate. However, it was not until the utility revised its tariff that it determined that 44 customers were outside of the certificated area. The utility acknowledged the problem and noticed this area as part of this application in January, 1998 in an attempt to correct the problem.

In consideration of the foregoing, we do not find that the utility's violation of Section 367.045(2), Florida Statutes, rises to the level that warrants the initiation of a show cause proceeding. Therefore, Placid Lakes shall not be ordered to show cause why it should not be fined for failing to comply with Section 367.045(2), Florida Statutes.

APPLICATION

As discussed earlier, on September 15, 1997, the utility filed an application for amendment of Certificate No. 401-W to add territory in Highlands County. Except as discussed previously, 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 an amendment. The application contains a check in the amount of \$1,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The utility has provided a copy of a warranty deed which provides for the continued use of the land as required by Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(3)(e), (f), and (i) Florida Administrative Code. A description of the water territory is appended to this Order as Attachment A. The area in Attachment A described as Sections 22 and 23 was part of a larger area the Commission removed from the utility's service area by Order No. 17372, issued April 7, 1987, in Docket No. 860532-WU when it was determined that the utility was unable to serve this area due to financial reasons. In addition, Attachment A includes the East 1/2 of Section 9 where the 44 customers are located. The utility has since revised its service availability policy so that it is now able to serve the complete development area. The change in service availability allows the utility to collect a main extension charge, plant capacity charge, and Allowance for Funds Prudently Invested (AFPI) for the water treatment plant. Attachment B includes a composite water territory description. The composite water description includes Orders Nos. 12594, 17372,

ORDER NO. PSC-98-0637-FOF-WU
DOCKET NO. 971204-WU
PAGE 4

22164, PSC-97-1148-FOF-WU and the area at issue in this docket. Although we granted a variance of Rule 25-30.036(3)(e), Florida Administrative Code, which requires the utility to provide a description of the proposed extended area to be served using township, ranges, sections, metes and bounds, the final composite water description is in compliance with the above-mentioned rule.

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 have been received and the time for filing such has expired. The local planning agency was provided notice of the application and did not file a protest to the amendment. We have contacted the Department of Environmental Protection (DEP) and learned that there are no outstanding notices of violation regarding this utility.

The utility has been in existence since 1970. It was recently the subject of a staff assisted rate case, which has improved its overall financial standing. The facility is operated and maintained by a licensed operator. The water treatment plant, before expansion had a design capacity of 664,000 gallons per day (gpd) and now is currently permitted for 1,104,000 gallons per day (gpd). Current flows are about 250,000 gpd. With this expansion, the utility estimates they can add 1,250 additional water connections. Based on the above information, we find that Placid Lakes has the financial ability, water capacity and the technical expertise to serve these customers now and in the future.

Therefore, we find that it is in the public interest to grant the application of Placid Lakes for Amendment of Water Certificate No. 401-W, to add the additional territory described in Attachment A. Attachment B includes the utility's entire service area. The utility has returned the certificate for entry of the additional territory and filed revised tariff sheets which reflect the amended territory description.

RATES AND CHARGES

Placid Lakes' approved rates and some charges were effective June 14, 1996, pursuant to Order No. PSC-96-0679-FOF-WS, issued June 14, 1996 in Docket No. 950697-WU, a staff assisted rate case. Placid Lakes' approved meter charge and tap-in charges were effective July 17, 1995, pursuant to Order No. PSC-95-0848-FOF-WS,

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 971204-WU
PAGE 5

issued July 17, 1995 in Docket No. 950486-WU, a service availability case. Placid Lakes shall 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.

CLOSING THE DOCKET

Since we voted that a show cause proceeding shall not be initiated, no other issues remain in the docket and it shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that a show cause proceeding shall not be initiated against Placid Lakes Utilities, Inc. for violation of Section 367.045(2), Florida Statutes. It is further

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

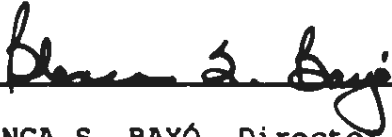
ORDERED that the attachments of this Order are by reference incorporated herein. It is further

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

ORDERED that this docket be closed.

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 971204-WU
PAGE 6

By ORDER of the Florida Public Service Commission this 19th
day of May, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

SRF

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.

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 971204-WU
PAGE 7

ATTACHMENT A

PLACID LAKES UTILITIES, INC.

HIGHLANDS COUNTY

ADDITIONAL WATER AREA

Township 37 South, Range 29 East

SECTION 9

The East 1/2 of Section 9

SECTION 22

All that portion lying West of Ninth Street as extended; also that portion lying North of Ninth Avenue and West of First Street and extended.

SECTION 23

All that portion lying East of Fourth Street N.E. as extended; also all that portion lying North of Ninth Avenue and East of First Street N.E. As extended. Less and Except Lot 20, Block 270.

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 971204-WU
PAGE 8

Attachment B
Page 1 of 2

PLACID LAKES UTILITIES, INC.

HIGHLANDS COUNTY

COMPOSITE WATER TERRITORY DESCRIPTION

The composite water description includes Orders Nos. 12594, 17372, 22164, PSC-97-1148-FOF-WU and this area. Order No. 12594 granted Placid Lakes their original territory. Order No. 17372 removed a portion of this territory. Order No. 22164 added additional territory. It should be noted that Order No. 22164 grants area in Section 22, Township 37 South, Range 29 East and in Section 19 of Placid Lakes, a planned community. All of this area is in Section 22, Township 37 South, Range 29 East. Order No. PSC-97-1148-FOF-WU granted the area known as Catfish Creek.

TOWNSHIP 37 SOUTH, RANGE 29 EAST

SECTION 9

The East 1/2 of Section 9

SECTION 10

All of said Section 10 lying South and West of Lake June in Winter (also, known as Lake Stearns)

SECTION 11

All of said Section 11 lying South and West of Catfish Creek

SECTION 14

All of said Section 14 lying South and West of Catfish Creek

SECTION 15

The East 1/2 of Section 15

SECTIONS 22. and 23

All of said Sections 22 and 23

ORDER NO. PSC-98-0687-FOF-WU
DOCKET NO. 9712(4-WU
PAGE 9

Attachment B
Page 1 of 2

PLACID LAKES UTILITIES, INC.

HIGHLANDS COUNTY

COMPOSITE WATER TERRITORY DESCRIPTION

CATFISH CREEK ROAD

ORDER NO. PSC-97-1148-FOF-WU

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 0°13'0" 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 0°13'0" West along the East Section Line of said Section 2 for a distance of 962.36 feet; thence run South 83°36'0" West for a distance of 455.19 feet; thence run South 1°38'25" East for a distance of 739.01 feet; thence run South 50°42'2" 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°7'25" 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 = 8°52'0". Arc length 77.38 feet, Chord length = 77.30 feet, Chord Bearing = South 42°41'44" East), thence run South 47°8'10" 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°0'52". Arc length 1,379.06 feet, Chord length = 1,272.35 feet, Chord Bearing = North 23°59'16" West); thence run North 54°25'0" 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.