

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by Florida Water Services Corporation for approval of tariff filing to provide reclaimed water service in Deltona service area in Volusia County.

DOCKET NO. 981284-WU  
ORDER NO. PSC-99-0016-FOF-WU  
ISSUED: January 4, 1999

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 APPROVING TARIFF FILING FOR A NEW CLASS OF SERVICE TO  
PROVIDE RECLAIMED WATER SERVICE

BY THE COMMISSION:

BACKGROUND

Florida Water Services Corporation (FWSC or utility) is a Class A utility providing service to approximately 82,146 water and 43,498 wastewater customers. According to its 1997 annual report, the utility reported gross operating revenues of \$24,700,393 for water and \$21,712,957 for wastewater and net operating income of \$7,047,386 for water and \$8,549,315 for wastewater.

On October 8, 1998, pursuant to Section 367.091(4), Florida Statutes, the utility filed a request for approval to implement a tariff reflecting rates and charges for a new class of service to provide reclaimed water service in the Deltona service area. As required by Sections 367.091(4) and (5), Florida Statutes, and Rule 25-9.005(4), Florida Administrative Code, the utility included a statement of purpose for the new service; the estimated revenues that will be derived from and the estimated number of customers to be served by the new class of service; a cost justification; and the tariff sheets reflecting the proposed rates and charges.

DOCUMENT NUMBER-DATE

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PSC-RECORDS/REPORTING

Section 367.091(5), Florida Statutes, states that the Commission may vote to withhold consent to the new rate schedules within 60 days of the application date. FWSC filed a letter, dated November 30, 1998, waiving the 60-day suspension deadline until the December 15, 1998, agenda conference. Accordingly, we voted on this matter at the December 15, 1998, agenda conference.

#### TARIFF FILING

The tariff filing is in compliance with Section 367.091(4), Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. The utility submitted proposed tariff sheets which included the \$.06 per thousand gallons reuse rate for the Deltona Hills Country Club Golf Course, established pursuant to Orders Nos. PSC-93-0423-FOF-WS and PSC-96-1320-FOF-WS, and requested a \$.54 per thousand gallons reuse rate for residential customers.

Section 367.091(4), Florida Statutes, states that a schedule of rates or charges so fixed shall be filed with the Commission within 10 days after the service is furnished. According to the utility, FWSC began providing reclaimed water service to the Twin Lakes common area and to the ten residential homes located in the Twin Lakes subdivision immediately after filing its request to provide service. Therefore, FWSC's filing is timely under the statute.

#### Statement of Purpose

Pursuant to Rule 25-9.005(4), Florida Administrative Code, the utility included a statement of the purpose and reason for the new service. The utility stated that the Deltona system is located within a Water Use Caution Area (WUCA), as designated by the St. Johns River Water Management District (SJRWMD), and that the SJRWMD encourages the implementation of reuse programs to the greatest extent possible. Additionally, FWSC's Deltona Lakes wastewater treatment plant presently provides reclaimed water to the Deltona Hills Country Club Golf Course and a drain field at a rate of \$.06 per thousand gallons, and the utility can provide service to the Twin Lakes subdivision through its existing reclaimed water transmission lines. Furthermore, as required by Section 122-185 of Volusia County Ordinance No. 96-15, several new residential developments, located along and near FWSC's existing reclaimed water transmission lines, have installed dual piping systems to accommodate reclaimed water service. Moreover, the utility's

filing stated that homeowners in the Deltona area want reclaimed water service, as a substitute for potable water, to irrigate their landscapes.

The Deltona Lakes wastewater treatment plant has the capacity under normal conditions to provide over 900,000 gallons of reuse per day. The utility stated that providing reuse service will not cause the Deltona Lakes wastewater treatment plant to violate any applicable regulatory standards or cause any functional problems at the Deltona Lakes wastewater treatment plant. We confirmed this with the Department of Environmental Protection.

#### Estimated Revenues and Customers

Pursuant to Rule 25-9.005(4), Florida Administrative Code, the utility provided the estimated annual revenues to be derived from the new service and the estimated number of customers to be served. The utility is presently serving the common area and the ten existing homes in the Twin Lake subdivision. FWSC stated that the remaining homes in the Twin Lakes subdivision, as well as the residents of the Autumn Woods and the Pine Trace subdivisions and one elementary school will be eligible for reuse service.

According to the utility, the Twin Lakes subdivision presently consists of ten homes with a planned build out of 150 single-family homes. Based on the rate of \$.54 per thousand gallons and an average usage of 4,000 gallons of reuse, which is the average irrigation usage with potable water at FWSC's Buenaventura Lakes system, the total annual revenues derived from the ten existing residential homes in the Twin Lakes subdivision are estimated to be \$584. Moreover, the total annual revenues derived from the Twin Lakes common area are estimated to be \$324, which is based on the rate of \$.54 per thousand gallons and an estimated usage of 50,000 gallons per month.

Upon completion of the 150 single-family homes in the Twin Lakes subdivision, the expected annual revenues would be \$4,212 ( $150 \times 4,000 \times 12/1,000 \times \$.54 = \$3,888$  + common area which is  $50,000 \times 12/1,000 \times \$.54 = \$324$ ). The developer of the Twin Lakes subdivision plans to complete the first phase of the subdivision with 56 lots by January 2000, and the second phase is scheduled to begin in the fall of 1999 and completed by 2003.

The utility indicated that customers in the Autumn Woods subdivision, with a build out of 166 single-family homes, the Pine

Trace subdivision, with a build out of 78 single-family homes, and one elementary school will be eligible for reuse when the utility completes the extension of its reuse lines. Upon completion of the 244 homes in the Autumn Woods and the Pine Trace subdivisions, additional annual revenues are projected to be \$7,620.48, which is based on the assumption that the 244 homes use 4,000 gallons per month, the two common areas use 50,000 gallons per month, and the elementary school uses 100,000 gallons per month.

The utility stated that no additional plant improvements or structures will be necessary to serve the Twin Lakes, Autumn Woods, and Pine Trace subdivisions or the elementary school. Also, the utility stated that it will install the reuse force main that will be required to serve the Autumn Woods and the Pine Trace subdivisions and the elementary school. Further, the utility will install, own, operate and maintain a meter at the point of delivery for the purpose of measuring the quantity of reclaimed water provided to the customer. The developer will construct the reuse service lines required for reuse and donate them to the utility.

#### Cost Justification

Pursuant to Section 367.091(5), Florida Statutes, the utility provided a cost justification for the requested rate. The cost justification states that the proposed rate of \$.54 per thousand gallons of reclaimed water for residential irrigation is approximately half of what those customers would pay for irrigation using potable water. Furthermore, FWSC stated that by charging a reasonable volumetric charge of \$.54 per thousand gallons, customers are sent the message that reuse is a valuable resource.

#### BACKFLOW PREVENTION DEVICE

The customers who want reuse service will pay for, and FWSC will install, a backflow prevention device on the customer's side of the potable water meter. The utility's tariff, as filed, does not contain a specific charge for a backflow prevention device because the utility is currently involved in a pilot program in which it is experimenting with the type of backflow prevention device that should be installed. When the utility determines the type of backflow prevention device that will be installed, it shall amend its tariff to include a specific charge for a backflow prevention device.

To encourage reuse and to make reuse service appealing to the customers, the utility's objective is to keep the cost of reuse as low as possible. To accomplish this, the utility is presently absorbing the cost of the annual testing that is required for the backflow prevention device. The utility shall continue to absorb these costs.

To ensure that all customers will not be required to purchase a backflow prevention device, our staff suggested that the utility amend its tariff sheets submitted on October 8, 1998, to identify the types of situations (i.e. hazardous, reuse) that require the use of a backflow prevention device. On November 23, 1998, the utility amended its tariff sheets accordingly and resubmitted them for our consideration.

#### CONCLUSION AND FINDINGS

As noted above, the wastewater treatment plant is capable of producing 900,000 gallons of reuse per day, which will adequately serve the golf course, a drain field, Twin Lakes, Autumn Woods, Pine Trace, and the elementary school. Furthermore, the utility already has customers that are willing to accept its reuse services, and additional plant improvements will not be necessary to provide reuse to these customers. Therefore, we find that, as the primary effluent disposal site for the utility, the \$.06 per thousand gallons reuse rate continues to be appropriate for the Deltona Hills Country Club Golf Course and the \$.54 per thousand gallons reuse rate is appropriate for the residential customers in the Deltona service area.

Pursuant to Sections 367.091(4) and (5), Florida Statutes, the November 23, 1998, amended tariff sheets reflecting the rates and charges for a new class of service to provide reclaimed water in the Deltona service area are hereby approved. The tariff sheets filed on October 8, 1998, are denied. Furthermore, the utility shall amend its tariff to include a specific charge for a backflow prevention device at the time it determines the type of backflow prevention device that will be installed.

The tariff approved shall become effective for services rendered on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. If no timely protest is filed, this docket shall be closed.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Water Services Corporation's tariff sheets submitted on November 23, 1998, for a new class of service to provide reclaimed water service in the Deltona service area are approved as set forth herein. It is further

ORDERED that Florida Water Services Corporation's tariff sheets submitted on October 8, 1998, are denied. It is further

ORDERED that Florida Water Services Corporation shall charge for residential reclaimed water service as set for herein. It is further

ORDERED that Florida Water Services Corporation shall amend its tariff to include a specific charge for a backflow prevention device at the time it determines the type of backflow prevention device that will be installed. It is further

ORDERED that the tariff shall become effective for services rendered on or after the stamped approval date of the tariff sheets, provided customers have received notice. It is further

ORDERED that if no timely protest is filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 4th day of January, 1999.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

SAM

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 25, 1999.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water 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 of the date this Order becomes final, 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.