

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Request for approval of new class of service for bulk wastewater service in Lee County by Forest Utilities, Inc. | DOCKET NO. 050803-SU
ORDER NO. PSC-05-1262-TRF-SU
ISSUED: December 27, 2005

The following Commissioners participated in the disposition of this matter:

RUDOLPH "RUDY" BRADLEY, Chairman
J. TERRY DEASON
LISA POLAK EDGAR
ISILIO ARRIAGA

ORDER APPROVING REQUEST FOR NEW CLASS OF SERVICE
FOR BULK WASTEWATER SERVICE

BY THE COMMISSION:

Background

Forest Utilities, Inc. (Forest or utility) is a Class B wastewater only utility providing service to approximately 2,138 wastewater customers in Lee County. As of December 31, 2004, the utility reported operating revenues of \$684,054 and operating expenses of \$686,671.

In Docket No. 030748-SU,¹ Forest requested the approval of a new class of service for bulk wastewater to Jamaica Bay Mobile Home Park (Jamaica Bay), and Lee County intervened. Lee County informed this Commission that it had executed a contract with Jamaica Bay for temporary bulk wastewater service. Forest withdrew the request, which we acknowledged by Order No. PSC-03-1286-FOF-SU, issued November 12, 2003.

In Docket No. 031020-WS,² Forest filed a Petition for Declaratory Statement requesting this Commission to declare that, contrary to Lee County's arguments, no extension of service territory was required in order for Forest to provide bulk service to Jamaica Bay because Jamaica Bay would connect to Forest's facilities within Forest's certificated territory. Lee County filed a petition to intervene. By Order No. PSC-04-0015-DS-WS,³ we denied Lee County's Petition to Intervene and granted Forest's Petition for Declaratory Statement. On February 2, 2004, Lee

¹ In Re: Application for approval of new class of service for bulk wastewater service in Lee County by Forest Utilities, Inc.

² In Re: Petition for declaratory statement by Forest Utilities, Inc. and Jamaica Bay West Associates, Ltd., to determine whether an extension of service territory pursuant to Section 367.045(2), Florida Statutes, is necessary to provide bulk wastewater service to Jamaica Bay, an exempt entity.

³ Issued January 6, 2004, in Docket No. 031020-WS.

DOCUMENT NUMBER-DATE

11889 DEC 27 05

FPSC-COMMISSION CLERK

County filed an appeal of the Order to the First District Court of Appeal (First DCA). The First DCA affirmed the Order *per curiam*.⁴

Pursuant to Section 367.091, Florida Statutes, on October 13, 2005, Forest filed another application for approval of a new class of service for bulk wastewater service in Lee County. According to the application, Forest and Jamaica Bay have agreed to enter into a written agreement pursuant to which Forest will provide bulk wastewater service to Jamaica Bay. Forest has the additional wastewater capacity and is willing to provide that service on a permanent basis.

We have jurisdiction pursuant to Section 367.091, Florida Statutes.

Request for New Class of Service

Jamaica Bay is a 1,400 unit mobile home park. The Florida Department of Environmental Protection is requiring Jamaica Bay to upgrade its wastewater treatment facility or to remove it from service without any interruption in service to its individual tenants. Jamaica Bay has decided to remove its existing wastewater treatment plant from service, retire it, and begin receiving wastewater treatment service from Forest. Forest and Jamaica Bay have entered into a written agreement pursuant to which Forest will provide immediate and permanent service for all of the sewage flows generated by Jamaica Bay. Jamaica Bay will pay the cost of extending a line from its existing facility to the facilities of Forest, including all necessary piping, lift stations and force mains.

The utility is proposing a charge of \$3.14 per 1,000 gallons. The utility determined the proposed charge for its new class of service by discounting its currently authorized rate for other classes of wastewater treatment service of \$3.71. In order to recognize the cost savings inherent in providing service to a bulk customer rather than to an individual customer, the utility removed the variable cost not incurred on behalf of Jamaica Bay's customer base. Based on actual 2004 water usage and the proposed charge, the utility estimates that revenues from this new class of service will be approximately \$277,000 per year in additional revenue to the utility. Also, the utility believes that it will generate additional expenses approximately equal to the additional revenues. We find that the proposed rate of \$3.14 is reasonable, based on the cost justification that Forest submitted pursuant to Section 367.091(6), Florida Statutes.

We hereby approve Forest's request for a new class of service for bulk wastewater service. The utility shall charge \$3.14 per 1,000 gallons for this class of service. The utility's Original Sheet No. 17.1 is hereby approved as filed. The utility shall file a proposed customer notice to reflect the rate approved herein. The approved rate shall be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the notice has been approved by our staff. Within 10 days of the date that this Order is final, the utility shall provide notice of the tariff to all customers. The utility shall provide proof that the customers have received notice within 10 days after the date the notice was sent.

⁴ Lee County v. Jaber, 888 So. 2d 627 (Fla. 1st DCA 2004).

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Forest Utilities, Inc.'s request for a new class of service for bulk wastewater service is approved. It is further

ORDERED that Forest Utilities, Inc. shall charge \$3.14 per 1,000 gallons for bulk wastewater service. Forest Utilities, Inc.'s Original Sheet No. 17.1 is hereby approved as filed. It is further

ORDERED that Forest Utilities, Inc. shall file a proposed customer notice to reflect the rate approved herein. The approved rate shall be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the notice has been approved by our staff. It is further

ORDERED that within 10 days of the date that this Order is final, Forest Utilities, Inc. shall provide notice of the tariff to all customers. Forest Utilities, Inc. shall provide proof that the customers have received notice within 10 days after the date the notice was sent. It is further

ORDERED that if a protest is filed within 21 days of the issuance date of this Order, the tariff shall remain in effect with all increased charges held subject to refund pending resolution of the protest. If no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 27th day of December, 2005.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(SEAL)

RG

NOTICE OF FURTHER PROCEEDINGS

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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 17, 2006.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.