

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Springs)	DOCKET NO. 891191-SU
Environmental Systems, Inc. for)	ORDER NO. 23199
approval of modification of service)	ISSUED: 7-16-90
availability charges in Lee County.)	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTIONORDER INCREASING SERVICE AVAILABILITY CHARGES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceedings pursuant to Rule 25-22.029, Florida Administrative Code.

Case Background

Springs Environmental Systems, Inc., (Springs Environmental or utility) is a Class C wastewater utility currently serving approximately 314 customers in a rapidly growing area of Lee County known as Bonita Bay. The utility was granted its original wastewater certificate by Order No. 14981, issued on September 23, 1985. The same order set the utility's existing service availability charges and monthly rates.

On October 13, 1989, Springs Environmental filed the instant application for an increase in its service availability charges. The application met the minimum filing requirements and noticing requirements of Rule 25-30.565, Florida Administrative Code. Additional information was requested

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by our Staff on November 20, 1989. The utility's response was received on April 26, 1990.

SERVICE AVAILABILITY CHARGES

As of May 31, 1990, the utility was serving 725 equivalent residential connections (ERCs). It has recently completed construction of a treatment plant and collection facilities designed to serve 1600 ERCs at 250 GPD (gallons per day) per ERC. Buildout is expected to be reached in 1994.

In its application, the utility proposed to increase its plant capacity charge from \$380 to \$1,520 and its main extension charge from \$390 to \$815. This would result in an increase in the total system capacity charge from \$770 to \$2,335.

The increase requested is very large because the original construction cost estimates for the expansion were far lower than the actual costs incurred. There are several reasons for this. The original projected cost of the wastewater treatment plant in 1985 was based on plans for a secondary treatment plant and percolation ponds used for effluent disposal. After the service availability charges were set, however, the Lee County Commission required the utility to construct a total reuse facility. Shortly thereafter, the Department of Environmental Regulation (DER) implemented more stringent standards for reuse facilities in its rules. Furthermore, the utility's original estimates were based on 1985-86 costs, and the expenses were actually incurred during 1988 through 1990.

Based on our investigation, we find that the costs incurred by the utility appear to have been reasonable, prudent, and necessary; the utility had to comply with the increased standards imposed by the County Commission and the DER. We acknowledge that higher system capacity charges are needed as a result.

We have made some adjustments to the utility's revised financial and accounting schedules filed on April 26, 1990. These adjustments necessitate higher charges than those requested by the utility in order to achieve a 75 percent contribution level at buildout as set forth in Commission rules.

The utility listed plant-in-service and accumulated depreciation balances as of July 31, 1989. We have brought

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these balances forward to May 31, 1990, to allow for a more accurate charge. The CIAC balance and number of ERCs in service were also brought forward to the same date. Additionally, the utility projected that all connections made after July 31, 1989, would pay the requested service availability charges. However, since July 31, 1989, 253 connections have been made at the old rate of \$770. As a result, a \$395,945 adjustment to the utility's numbers was necessary. We also adjusted several depreciation rates, which further contributed to a higher recommended rate.

Upon making these adjustments, we find that a plant capacity charge of \$1,475 and a main extension charge of \$1,279 is needed to achieve a 75 percent CIAC contribution level at buildout. Our calculations are reflected in Schedules 1 through 3, attached hereto and by reference incorporated herein. The total charge, then, will be \$2,754 per ERC. If no timely protest is received, these charges will be effective for connections made on or after the stamped approval date on the revised tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the application of Springs Environmental Systems, Inc., is hereby granted as modified by the adjustments discussed in the body of this Order. It is further

ORDERED that the service availability charges which the utility shall implement are those set forth in the body of this Order. It is further

ORDERED that those provisions of this Order, issued as proposed agency action, shall become final, unless an appropriate petition in the form provided by Rule 25-22, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED that, if this order becomes final, the charges set forth and approved herein shall be effective for connections made on or after the stamped approval date on the revised tariff sheets. It is further

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ORDERED that, if no timely protests are received, this docket shall be closed.

By ORDER of the Florida Public Service Commission
 this 16th day of July, 1990.

STEVE TRIBBLE, Director
 Division of Records and Reporting

(S E A L)

MF

by: Kay Ferguson
 Chief, Bureau of Records

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 6, 1990.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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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 and effective 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 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 of the effective date 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.

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SPRINGS ENVIRONMENTAL SYSTEMS, INC. SCHEDULE 1
DOCKET NO: 891191-SU
SCHEDULE OF PLANT AND ACCUMULATED DEPRECIATION - SEWER SYSTEM

PLANT CAPACITY CHARGE = 1475 PER ERC
MAIN EXTENSION CHARGE = 1279 PER ERC

	UTILITY PLANT	RATE	ACCUMULATED DEPR.	ANNUAL DEPR.
Plant	4,962,006	4.78%	(386,772)	(237,184)
Land	118,168	0.00%		0
5/90 Balance	5,080,174		(386,772)	(237,184)
12/90 Additions			(138,357)	
CIAC LINES		0.00%	0	0
Structures/Improve		0.00%	0	0
Plant expansion		0.00%	0	0
Treat/Disposal Eq		0.00%	0	0
Pumping Equip		0.00%	0	0
Force Mains		0.00%	0	0
Lift Stations		0.00%	0	0
Outfall Sewer Line		0.00%	0	0
ETC		0.00%	0	0
12/90 Balance	5,080,174		(525,129)	(237,184)
12/91 Additions			(237,184)	
CIAC LINES		0.00%	0	0
Etc.		0.00%	0	0
Etc.		0.00%	0	0
12/91 Balance	5,080,174		(762,313)	(237,184)
12/92 Additions			(237,184)	
CIAC LINES		0.00%	0	0
Etc.		0.00%	0	0
12/92 Balance	5,080,174		(999,497)	(237,184)
12/93 Additions			(237,184)	
CIAC LINES		0.00%	0	0
Etc.		0.00%	0	0
12/93 Balance	5,080,174		(1,236,681)	(237,184)
12/94 Additions			(237,184)	
CIAC LINES		0.00%	0	0
Etc.		0.00%	0	0
12/94 Balance	5,080,174		(1,473,865)	(237,184)

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SPRINGS ENVIRONMENTAL SYSTEMS, INC. SCHEDULE 2
 DOCKET NO: 891191-SU
 SCHEDULE OF CIAC AND ACCUMULATED AMORTIZATION - SEWER SYSTEM

PLANT CAPACITY CHARGE = 1475 PER ERC
 MAIN EXTENSION CHARGE = 1279 PER ERC

	CIAC	RATE	ACCUMULATED AMORT.	ANNUAL AMORT.
5/90 Balance	(799,311)	4.78%	62,103	38,207
12/90 Additions			22,287	
Plant Capacity	(141,600)	5.78%	4,092	8,184
Main Extention	(122,784)	3.37%	2,069	4,138
CIAC Lines	0	0.00%	0	0
12/90 Balance	(1,063,695)		90,552	50,529
12/91 Additions			50,529	
Plant Capacity	(340,725)	5.78%	9,847	19,694
Main Extention	(295,449)	3.37%	4,978	9,957
CIAC Lines	0	0.00%	0	0
12/91 Balance	(1,699,869)		155,906	80,180
12/92 Additions			80,180	
Plant Capacity	(340,725)	5.78%	9,847	19,694
Main Extention	(295,449)	3.37%	4,978	9,957
CIAC Lines	0	0.00%	0	0
12/92 Balance	(2,336,043)		250,911	109,830
12/93 Additions			109,830	
Plant Capacity	(340,725)	5.78%	9,847	19,694
Main Extention	(295,449)	3.37%	4,978	9,957
CIAC Lines	0	0.00%	0	0
12/93 Balance	(2,972,217)		375,567	139,481
12/94 Additions			139,481	
Plant Capacity	(126,850)	5.78%	3,666	7,332
Main Extention	(109,994)	3.37%	1,853	3,707
CIAC Lines	0	0.00%	0	0
12/94 Balance	(3,209,061)		520,567	150,520

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SPRINGS ENVIRONMENTAL SYSTEMS, INC.
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SCHEDULE OF NET INVESTMENT - SEWER SYSTEM

SCHEDULE 3

PLANT CAPACITY CHARGE = 1475 PER ERC
MAIN EXTENSION CHARGE = 1279 PER ERC

	12/89	12/90	12/91	12/92	12/93	12/94
CAPACITY-ERCs	1,600	1,600	1,600	1,600	1,600	1,600
DEMAND-ERCs	725	821	1,052	1,283	1,514	1,600
% USED	45%	51%	66%	80%	95%	100%
GROWTH-ERCs	0	96	231	231	231	86
UTILITY PLANT ACCUMULATED DEPR.	5,080,174 (386,772)	5,080,174 (525,129)	5,080,174 (762,313)	5,080,174 (999,497)	5,080,174 (1,236,681)	5,080,174 (1,473,865)
NET PLANT	4,693,402	4,555,045	4,317,861	4,080,677	3,843,493	3,606,309
CIAC ACCUMULATED AMORT.	(799,311) 62,103	(1,063,695) 90,552	(1,699,869) 155,906	(2,336,043) 250,911	(2,972,217) 375,567	(3,209,061) 520,567
NET CIAC	(737,208)	(973,143)	(1,543,963)	(2,085,132)	(2,596,650)	(2,688,494)
NET INVESTMENT	3,956,194	3,581,901	2,773,898	1,995,545	1,246,843	917,816
CIAC RATIO	16%	21%	36%	51%	68%	75%
NET INVESTMENT PER ERC	2,473	2,239	1,734	1,247	779	574