

FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

APRIL 4, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (AUSTIN) *GAW*
DIVISION OF LEGAL SERVICES (AGARWAL) *GAW* *SPH* *BP*

RE: DOCKET NO. 960159-WS - PALM COAST UTILITY CORPORATION -
JOINT PETITION FOR APPROVAL OF AGREEMENT FOR WATER AND
WASTEWATER SERVICE TO THE FLAGLER COUNTY AIRPORT BY PALM
COAST UTILITY CORPORATION AND FLAGLER COUNTY BOARD OF
COUNTY COMMISSIONERS.
COUNTY: FLAGLER

AGENDA: 04/16/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\WAW\WP\960159WS.RCM

DOCUMENT NUMBER-DATE

03895 APR-4 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960159-WS
DATE: APRIL 4, 1996

CASE BACKGROUND

Palm Coast Utility Corporation (PCUC or utility) is a Class A utility providing water and wastewater service in Flagler County. According to its December 31, 1994 annual report, the utility was serving 14,617 water customers (approximately 14,846 Equivalent Residential Connections (ERCs) and 9,868 wastewater customers (approximately 12,435 ERCs). During the twelve months ended December 31, 1994, the utility recorded operating revenues of \$6,188,768 for water service and \$2,904,576 for wastewater service. Its recorded operating income for the year ending 1994 was \$747,192 and \$303,166, respectively, for water and wastewater service.

On February 9, 1996, PCUC and the Flagler County Board of Commissioners (County) filed a joint request for approval of a developer agreement. The utility and County have entered into an agreement for water and wastewater service to the Flagler County Airport. The developer agreement was submitted pursuant to Section 367.101, Florida Statutes, and Rule 25-30.550(2), Florida Administrative Code. The parties believe that the agreement may be deemed a special service availability contract, in that it includes provisions and charges for the extension of service which are not provided in the Utility's established service availability policy.

DOCKET NO. 960159-WS
DATE: APRIL 4, 1996

DISCUSSION OF ISSUES

ISSUE 1: Should the special service availability agreement between Palm Coast Utility Corporation and Flagler County Board of County Commissioners be approved?

RECOMMENDATION: Yes, the agreement between Palm Coast Utility Corporation and Flagler County Board of County Commissioners should be approved subject to the provision that the utility keep a detailed account of the credit allowed to the county. (AUSTIN)

STAFF ANALYSIS: As stated in the case background, PCUC and the County believe that the agreement is a special service availability contract, in that it includes several provisions and charges for the extension of service which are not provided for in the Utility's established service availability policy. Staff has reviewed the provisions and found that only one of the provisions is a special service availability issue. This provision addressed the recognition of line flushing usage. The other provisions that the parties deemed special service availability issues were not because they were either provided for in the tariff or not in the jurisdiction of the Commission.

The on-site water system serving the airport has a potential for substantial levels of line flushing. The water used for flushing, necessary to maintain water quality, is not processed through the utility's wastewater system. Therefore, the utility is allowing the County an offset up to a maximum of 20% for wastewater usage billing. In order to obtain the credit, the County is required to provide a quarterly water usage analysis.

We believe that the utility should keep a detailed account of the credit allowed to the County for the purpose of billing audits in future rate case proceedings. Pursuant to Section 367.101, Florida Statutes, and Rule 25-30.550(2), Florida Administrative Code, which states that the commission shall approve each special service availability contract prior to it becoming effective, staff recommends that the developer agreement entered into between the utility and the County be approved subject to the provision that the utility keep a detailed account of this credit.

DOCKET NO. 960159-WS
DATE: APRIL 4, 1996

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed if no person, whose interests are substantially affected by the proposed action, files a protest within the 21 day protest period. (AGARWAL)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.