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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION OCT 28 1997

FPSC - Records/Reporting

IN RE: Application of
ALAFAYA UTILITIES, INC.)
for approval of reuse project)
plan in Seminole County, Florida.)

Docket No. **96018854**

NOTICE OF FILING

Applicant, ALAFAYA UTILITIES, INC., hereby notices the filing of the Affidavit of Mailing of the Notice to Customers in the above-referenced docket.

Respectfully submitted on this
28th day of October, 1997, by:

ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555

By: *Martin S. Friedman*
MARTIN S. FRIEDMAN
For the Firm

ACK alafaya\reuse\filing.not

APA _____

APP _____

CAF _____

CMU _____

CTR _____

EAG _____

LEG 1

LIN 5

OPC _____

RCH _____

SEC _____

WAS *Chase*

OTH _____

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing has been forwarded via U.S. Mail to Roseanne Gervasi, Esquire, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 this 28th day of October, 1997.

Martin S. Friedman
MARTIN S. FRIEDMAN

RECEIVED & FILED

R.V.N

RECORDS & REPORTING

DOCUMENT NUMBER-DATE

11132 11132 OCT 28 5

FPSC-RECORDS/REPORTING

AFFIDAVIT OF MAILING

ORIGINAL

STATE OF Illinois
COUNTY OF Cook

Before me, the undersigned authority, authorized to administer oaths and take acknowledgments, personally appeared Brent R. Lawrence who, after being duly sworn on oath, did depose on oath and say that on October 22, 1997, he did send by U.S. mail, a copy of the notice attached hereto to each of the customers of Alafaya Utilities, Inc.; the Mayor of the City of Oviedo and all of the individuals and developers indicated on the attached list.

FURTHER AFFIANT SAYETH NAUGHT.

Brent R. Lawrence

Sworn to and subscribed before me
this 22nd day of October, 1997.



Joyce Guidice
NOTARY PUBLIC
My Commission Expires: 12/2/2000

DOCUMENT NUMBER - DATE

11132 OCT 28 1997

FPSC - RECORDS REPORTING

ALAFAYA UTILITIES, INC.
NOTICE TO CUSTOMERS OF A REQUEST FOR ESTABLISHMENT OF A REUSE RATE
ASSOCIATED WITH REUSE PROJECT PLAN AND NOTICE OF CUSTOMER MEETING

Issued October 22, 1997
PSC Docket No. 960288-SU

Alafaya Utilities, Inc. has applied to the Florida Public Service Commission (PSC) for approval of a Reuse Project Plan and the establishment of reuse rates to its reuse customers within its wastewater system. This application is being processed under Commission Docket No. 960288-SU. The Utility is expanding its effluent disposal by increasing reuse as encouraged by the Florida Department of Environmental Protection and other regulatory agencies. The Utility does not have present rates authorized by the PSC for the Utility to pay its expenses required in providing reuse service to its customers, or to allow the Utility to earn a fair return on its investment in facilities necessary for providing reuse service after the implementation of these required changes.

The Application is being filed pursuant to the provisions of Section 367.0817, Florida Statutes, which provides that all prudent costs of a reuse project shall be recovered in rates. According to that statute, reuse benefits water, wastewater, and reuse customers, and the cost of a reuse project must be recovered from the Utility's water, wastewater, or reuse customers, or any combination thereof as deemed appropriate by the Commission. The Utility only provides wastewater and reuse services. Therefore, while the Utility has proposed that the entire cost of the reuse project be recovered from an increase in service availability charges for new customers, the establishment of reuse rates for reuse customers and those persons to whom reuse is available, the Commission may find it appropriate to share the cost in a different manner.

1. The Application - The proposed reuse project plan and application for change in rates was filed with the PSC on November 6, 1996, and subsequently supplemented, and contains all the information required by Commission rules and statute.

The Utility has also requested a change in its service availability charge as part of this proposed rate change. The Commission may choose to review the Utility's service availability charges in this proceeding and may or may not decide to adjust those charges.

Copies of the Application and synopsis of the rate request are available for review at the following location:

Alafaya Utilities, Inc. Office Hours: Monday through Friday
200 Weathersfield Avenue 8:30 a.m. - 4:00 p.m.
Altamonte Springs, FL 32714
(407) 869-1919

2. Customer Meeting - An informal meeting of PSC Staff members and utility representatives with customers of Alafaya Utilities, Inc. will be held as follows:

Date: November 5, 1997
Place: Holiday Inn - UCF; 12125 High Tech Avenue
Time: 6:30 p.m.

All persons who wish to comment on Docket No. 960288-SU are urged to be present at the beginning of the meeting, since the meeting may be adjourned early if no customers are present.

A schedule of the present and proposed rates as outlined in the Utility's application is provided with this Notice.

Alafaya Utilities, Inc. has filed a request within this proceeding for rates based upon the construction of the Reuse Project Plan system as outlined in that application in order to cover the actual costs of operation of those facilities and to allow the Utility to receive a fair return on its investment in those facilities once they are providing service to its customers.

Any customer comments concerning the proposed rates should be addressed to the Director, Division of Records and Reporting, Florida Public Service Commission, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, ph. (904) 413-6770, with a copy to Martin S. Friedman, 2548 Blairstone Pines Dr., Tallahassee, FL 32301. Please reference Docket No. 960288-SU, on all correspondence, which is the docket number assigned to this case. Also, complaints regarding customer service may be made to the Commission's Division of Consumer Affairs at the following toll-free number — 1 (800) 342-3552. Any person requiring some accommodation at this meeting because of a physical impairment, should call the Division of Records and Reporting at (904) 488-8371, at least five calendar days prior to the meeting. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at 1 (800) 955-8771 (TDD).

**SYNOPSIS OF APPLICATION FOR APPROVAL
OF REUSE PROJECT PLAN AND ESTABLISHMENT OF A REUSE RATE
BY ALAFAYA UTILITIES, INC.
PSC DOCKET NO. 960288-SU**

Alafaya Utilities, Inc., ("Applicant"), has applied to the Florida Public Service Commission ("The Commission"), for approval of a Reuse Project Plan and the establishment of a reuse rate for its wastewater system in Seminole County, Florida.

1. The Application is being filed pursuant to the provisions of Section 367.0817, Florida Statutes, which provides that all prudent costs of a reuse project shall be recovered through rates and charges. According to that statute, reuse benefits water, wastewater, and reuse customers, and the costs of a reuse project are recovered from the utility's water, wastewater, or reuse customers, or any combination thereof as deemed appropriate by the Commission. Because the utility only provides wastewater and reuse services, the costs of the project will be recouped from those customers, or some combination thereof. Therefore, while the Applicant has proposed that the entire cost of the reuse project be recovered from an increase in its service availability charges for new customers, and the establishment of rates for reuse customers and those persons to whom reuse is available, the Commission may find it appropriate to share the cost in a different manner.

2. The Applicant has requested that the Commission grant it rate relief in order to cover its direct cost of operation and maintenance and to allow it to earn a fair return on its actual investment in new facilities, both recommended and required by the Florida Department of Environmental Protection, in providing service to the Applicant's customers. The Commission has not acted on this request for rate relief as of the date of this Synopsis.

3. The present rates and proposed rates and charges are as follows:

	<u>Present Rate</u>	<u>Proposed Rate</u>
Meter Installation	N/A	\$150.00
Service Availability Charge	\$410.00	\$640.00
Reuse Service - Residential	N/A	\$9.00 monthly
Reuse Service - General Service	N/A	\$.60 per 1,000 gallons
Reuse Availability	N/A	\$5.00 monthly

Reuse service will initially be available to new developments in the City of Oviedo. All persons within those new developments will have reuse service available to them and it is proposed that such persons pay for such availability whether or not they actually utilize the reuse service. A general service reuse rate may be approved that would apply to the current reuse customer.

4. Applicant anticipates that the only major issues in this proceeding will be an analysis of the actual costs of operation and maintenance of the Applicant's reuse system, along with the analysis of the additional investment of the Applicant in this system. Another issue may be the proper allocation of these prudent costs and investments so that the appropriate ratepayer pays for these costs and investments. This increase is necessary because the Applicant is required by the Florida Department of Environmental Protection to construct such facilities for effluent disposal to serve future customers. These changes in operation and additional investments are necessary so the Applicant will remain in compliance with all regulatory agency requirements, if additional customers are added to the system.

5. A description of the rate-making process and the time schedules established for the proposed rate change is as follows:

Pursuant to the provisions of Sections 367.0817 and 403.064, Florida Statutes, the Applicant has filed its application, satisfied the statutory requirements and provided additional information in order to demonstrate the actual anticipated costs of the required additional reuse facilities. Applicant's application and its schedules reflect the proposal to increase its annual operating revenues by \$503,108 if and when all projected reuse customers are taking service. These will result in a return of 10.01% on the new investment, which is the required cost of money to construct these additional facilities.

This case will be processed under the provisions of Section 367.0817, Florida Statutes. This case will, therefore, under the provisions of that statutory section, be processed under the Proposed Agency Action process, and will not be set for formal hearing initially unless a substantially affected person protests the Commission's proposed agency action order.

As part of the discovery process, the Commission Staff schedules a customer meeting in the Applicant's service area to take customer testimony on quality of service, rate structure, and other comments on the proposed Reuse Project Plan and proposed rates. After the Staff investigations have been completed, and after the customer meeting, the Staff prepares a recommendation to be considered by the full Commission at a regularly scheduled Agenda Conference in Tallahassee. Since the case has not been to hearing at this point, interested persons are allowed to address the Commission at the conference when the case is being considered. The Commission votes to adopt, reject, or modify the Staff Recommendation at that meeting. A "Proposed Agency Action" Order is prepared and issued. The Order becomes final if no one protests it within a 21-day protest period. This entire process usually takes approximately five months. If the case is protested, the case will be processed similar to a major rate case and a hearing will be scheduled.

6. The Commission has issued a schedule, setting tentative dates for various matters related to the rate-setting process, which includes the following dates:

- | | | |
|----|---|----------|
| a. | Customer Meeting | 11/5/97 |
| b. | Staff Recommendation regarding proposed rate increase | 11/20/97 |
| c. | Agenda Conference regarding Proposed Agency Action | 12/2/97 |
| d. | Proposed Agency Action Order issued | 12/22/97 |

7. A complete copy of the Utility's application is available at the Applicant's headquarters:

Alafaya Utilities, Inc.
200 Weathersfield Avenue
Altamonte Springs, Florida 32714
(417) 869-1919

Office Hours: Monday through Friday
8:30 a.m. - 4:00 p.m.

8. Customer comments concerning Applicant's wastewater utilities service and its request for approval of Reuse Project Plan and proposed rates should be addressed to the Director of the Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0873, with a copy to Martin S. Friedman, 2548 Blairstone Pines Drive, Tallahassee, FL 32301. All comments should include reference to the Commission Docket No. 960288-SU, which has been assigned to this case.

UTILITIES, INC. OF FLORIDA
 AN AFFILIATE OF UTILITIES, INC.
 200 WEATHERSFIELD AVENUE
 ALTAMONTE SPRINGS, FLORIDA 32714

CORPORATE OFFICES:
 2335 Sanders Road
 Northbrook, Illinois 60062
 Telephone: 847-498-6440

Telephone: 407-869-1919
 Florida: 800-272-1919
 Fax: 407-869-6961

FAX COVER SHEET

Date of this fax: **October 20, 1997** Time: **2:26 PM**
 To the attention of: **Joyce Twarog**
 Company:
 Fax #:
 From: **Joni Welzien**
 Subject: **Alafaya Notice - Names & Addresses**
 # of pages: **2 including this cover page. Please call (407) 869-1919 if you do not receive all pages.**
 Original: will NOT be sent will be sent via : Regular Mail
 Response to: Utilities Inc. of Florida

MESSAGES

Honorable Mimi Bruce, Mayor
 City of Oviedo
 4(X) Alexandria Blvd.
 Oviedo, FL 32765

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 Winter Park, FL 32789-2388

Hal Kantor, Esq.
 Lowndes, Drosdick et. al.
 215 N. Eola Drive
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Ekana Golf Course
 Attn: Doug Miller
 2100 Ekana Drive
 Oviedo, FL 32765

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 Richland Properties
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Maitland, FL 32751-7190

Mr. Randall C. Morris, Chairman
Board of County Commissioners
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