



Public Service Commission

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RECORDS AND REPORTING

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DATE: AUGUST 20, 1998

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

FROM: DIVISION OF WATER AND WASTEWATER (AUSTIN) SA
DIVISION OF LEGAL SERVICES (BRUBAKER) XB RJ M

RE: DOCKET NO. 970029-WS - REQUEST FOR APPROVAL OF NEW CLASS OF SERVICE FOR BULK WASTEWATER SERVICE IN MARTIN COUNTY BY HYDRATECH UTILITIES, INC.
COUNTY: MARTIN COUNTY

AGENDA: 09/01/98 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\970029.RCM

CASE BACKGROUND

Hydratech Utilities, Inc. (Hydratech or utility) is a Class A water and wastewater utility providing service to approximately 5,301 water and 4,499 wastewater customers in Martin County. According to its 1996 annual report, the utility reported gross operating revenues of \$1,330,262 and \$1,058,728 for water and wastewater, respectively. A net operating income of \$182,542 was reported for water along with a net operating income of \$793 for wastewater.

On January 7, 1997, the utility filed an application pursuant to Section 367.091, Florida Statutes, for approval of a new class of service to provide bulk wastewater service within its wastewater-only service territory. The utility and Martin County were negotiating a bulk service wastewater agreement whereby the utility would provide bulk wastewater service to the County. The County would in turn provide individual wastewater service to

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approximately 166 existing equivalent residential connections (ERCs) in two phases behind the bulk meter and ultimately to 301 such connections at build out.

By Order No. PSC-97-0314-FOF-WS, issued March 24, 1997, the utility's proposed tariff to add a new class of service to provide bulk wastewater service was suspended pending further investigation by staff.

By letter dated July 15, 1998, the utility filed a withdrawal of its request for approval of a bulk wastewater service rate. This recommendation addresses the utility's withdrawal of its request for a new class of service.

ISSUE 1: Should the utility's withdrawal of its application be acknowledged?

RECOMMENDATION: Yes. Staff recommends that the Commission acknowledge the utility's withdrawal of its application and close the docket. (AUSTIN, BRUBAKER)

STAFF ANALYSIS: As stated in the case background, the utility filed an application for approval of a new class of service to provide bulk wastewater service within its wastewater only service territory. By Order No. PSC-97-0314-FOF-WS, issued March 24, 1997, the utility's proposed tariff to add a new class of service to provide bulk wastewater service was suspended pending further investigation by staff.

By letter dated March 21, 1997, staff requested information from the utility in order to determine an appropriate bulk wastewater service rate. By letter dated April 25, 1997, the utility indicated that it had not prepared any responses to staff's inquiries. The utility informed staff that it was delaying any further work in the proceeding because Martin County was possibly changing its position on the bulk service agreement. The county was contemplating individual service to the Banner Lake Subdivision from Hydratech. The utility indicated that it was waiting on a decision from Martin County's Board of County Commissioners. The utility stated that should Martin County decide to proceed with the bulk service agreement, the utility would work quickly to provide responses to staff's inquiries.

Since the negotiations on whether to provide bulk or individual service were extensive, the utility sent several letters extending the statutory eight-month period for processing the application. By letter dated July 15, 1998, the utility filed a withdrawal of its request for approval of a bulk wastewater service rate. The utility entered into an agreement with Martin County to provide individual service within the Banner Lake Subdivision. The individual service will be in accordance with the utility's current tariff.

Section 2.07(c)(6)(d) of the Administrative Procedures Manual permits staff to administratively dispose of withdrawals provided that there are no pending issues, no request for refund of filing fee has been made, and no agency action has been taken. However, the Commission has taken action in this case by suspending the tariff. Therefore, the withdrawal cannot be handled

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administratively by staff. There are no pending issues nor has there been a request for refund of filing fee.

Based on the foregoing, staff recommends that this Commission acknowledge the utility's voluntary withdrawal of its application and close this docket.