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June 2, 1999

Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 981243-WU, Application of MARION UTILITIES, INC. for Approval
of Increased Water Service Availability Charges for the Spruce Creek Service
Area and New Service Availability Policy for the Water Division

Gentlemen:

I am enclosing the original and three (3) copies of modified tariff sheets No. 28.0
through No. 41.0.

Sincerely,



Norman F. Mears
Senior Utility Consultant

Enclosures
cc: Mr. Tim E. Thompson w/o enclosures

AFA	_____
AFP	_____
CAF	_____
CMU	_____
CTR	_____
EAG	_____
LEG	_____
MAS	_____
OPC	_____
RRR	_____
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WATER TARIFF

INDEX OF SERVICE AVAILABILITY
AND MAIN EXTENSION

<u>Rule</u> <u>Number</u>	<u>Sheet</u> <u>Number</u>
1.0 General Information	29.0
2.0 Availability.	29.0
3.0 Obligations of Utility.	29.0
4.0 Obligations of Contributor.	29.0
5.0 Requirement for Payment of Contributions in Aid of Construction (C.I.A.C.)	30.0
6.0 Plant Capacity Charges.	30.0
6.1 Schedule of Plant Capacity Charges.	30.0
6.2 Calculation of Plant Capacity Charges	30.0
6.3 Treatment Plant Capacity Allocations.	30.0
6.4 Plant Capacity Charges Based on Actual and Experienced Demand.	31.0
7.0 Off-site Facilities	31.0
7.1 Construction of Oversized Facilities.	32.0
8.0 On-site Facilities.	32.0
8.1 Design and Construction of On-site Facilities	32.0
8.2 Construction of Oversized Facilities.	33.0
9.0 System Capacity Charges	33.0
9.1 Schedule of System Capacity Charges	33.0
9.2 Calculation of System Capacity Charges.	34.0
9.3 System Capacity Allocations	34.0
9.4 System Capacity Charges Based on Actual and Experienced Demand.	34.0
10.0 Easements and Rights-of-Way	35.0
11.0 Approvals of Contractors.	35.0
12.0 Insurance	35.0
13.0 Performance Bond.	36.0
14.0 Damage to Existing Facilities	36.0
15.0 Plan Review and Inspection Fees	36.0
16.0 Inspection of Plumber's Hook-up	36.0
17.0 Meter Installation Fees	37.0
18.0 Backflow Preventor Fees	38.0
19.0 Customer Service Line Installation Charge	38.0
20.0 Customer Installation	38.0
21.0 Advances for Construction	38.0
22.0 Held For Future Use	38.0
23.0 Guaranteed Revenues	39.0
24.0 Extension of Service Outside Territory.	39.0
25.0 Special Contracts	39.0

(Continued on Sheet No. 28.1)

Tim E. Thompson
President

WATER TARIFF

(Continued from Sheet No. 28.0)

26.0	Developer Agreements Required	40.0
27.0	Restrictive Covenant.	40.0
28.0	Adjustment Provisions	40.0
	Schedule of Meter Installation Fees	21.0
	Schedule of Fees and Charges for Turning Pointe	21.1
	Schedule of Fees and Charges for Windgate Estates and Bordering Oaks Estates, Colebrook	21.2
	Schedule of Fees and Charges for Woods and Meadows.	21.3
	Schedule of Fees and Charges for Spruce Creek	21.4
	Table of Daily Flows.	41.0

Tim E. Thompson
President

WATER TARIFF

SERVICE AVAILABILITY AND MAIN EXTENSION POLICY1.0 GENERAL INFORMATION

The Utility adopts and incorporates herein by reference Chapter 25-30.510 through 25-30.585, Florida Administrative Code (F.A.C.).

2.0 AVAILABILITY

The provisions of this policy are available throughout the territory subject to matter of economic feasibility as defined by Rule 25-30.515(7), F.A.C. Service hereunder is available only by entering into a service agreement between Utility and Contributor (Developer, Builder, Owner).

3.0 OBLIGATIONS OF UTILITY

It shall be the Utility's obligation to analyze, evaluate, and respond to all requests for extension of its services where extensions to specific locations are requested as set forth in Chapter 25-30.530, F.A.C. Once the Contributor has provided the Utility all of the information that is necessary for the Utility to evaluate the extension of service, it shall be the Utility's obligation to provide a firm price to the Applicant for such service extension, including all system capacity charges, main installation charges, meter installation fees, plan review and inspection fees, and any other charges approved by the Florida Public Service Commission for the Utility to charge for such service extensions.

4.0 OBLIGATIONS OF CONTRIBUTOR

It shall be the Contributor's obligation to provide the Utility with all of the information the Utility needs in order to evaluate the feasibility and cost of providing service. Such information shall include, but not be limited to (1) location of project, (2) survey of property, (3) complete plans and specifications of project, (4) flow data, (5) type of facilities, (6) metering arrangement, (7) size of project, (8) complete legal names of Applicant and/or owner, including addresses, type of business entity, and state in which said entity was created, (9) estimated date that service is needed, (10) type of services requested, (11) landscape irrigation watering plan, etc.

It shall be the Contributor's and the Utility's responsibility to execute all water agreements, contracts, and easements, which

(Continued on Sheet No. 30.0)

Tim E. Thompson
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WATER TARIFF

(Continued from Sheet No. 29.0)

are necessary in order for the Utility to provide service to the Contributor's property and/or project.

5.0 REQUIREMENT FOR PAYMENT OF C.I.A.C.

The Utility requires the payment of contributions in aid of construction either by cash payments or through the transfer of water transmission, distribution and appurtenant facilities, which have been installed by the Contributor or through a combination of both cash payments and transfers of such facilities to the Utility.

6.0 PLANT CAPACITY CHARGES

Utility requires that all contributors pay contributions in aid of construction based in part on a pro rata share of the cost of treatment plant facilities, whether or not the facilities have been constructed or may be constructed. Such payments are herein defined as plant capacity charges, and shall be paid by all contributors where water service is available or is agreed to be made available in the territory.

6.1 Schedule of Plant Capacity Charges

Plant capacity charges shall be paid prior to connection as a prerequisite for water service as listed in the Statements of Fees and Charges on Sheets 21.1 through 21.4.

6.2 Calculation of Plant Capacity Charges

Commercial, Industrial and all others will be computed based on the equivalent number of residential connections (ERCs) which shall be the estimated average daily demand for the development divided by 350 gallons. The charge shall be the total number of estimated gallons of daily usage times the charge per gallon in Rule 6.1 above.

6.3 Treatment Plant Capacity Allocations

Upon payment by the contributor and its proper execution of an agreement for service availability pursuant to these rules, the Utility will reserve and will allocate to the contributor the

(Continued on Sheet No. 31.0)

Tim E. Thompson
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WATER TARIFF

(Continued from Sheet No. 30.0)

portion of water plant capacity as set forth in the agreement for a period of eighteen (18) months from the date of payment of all amounts set forth in the agreement. The Utility will not be obligated to provide capacity or service in excess of that allocation and may require consumers to curtail use which exceeds such allocated capacity.

In no event shall the Utility be required to build or accept plans, specifications, contributions in aid of construction or agreements predicated upon demand for water service less than 350 gallons per equivalent residential connection (ERC).

6.4 Plant Capacity Charges Based on Actual and Experienced Demand

If the experience of the consumers after twelve months' actual usage exceeds the estimated gallons computed in Rule 6.2, the Utility shall have the right to collect additional plant capacity charges. The twelve-month period shall commence when certificates of occupancy have been issued for the entire project.

7.0 OFF-SITE FACILITIES

Off-Site transmission, distribution, and other water facilities, excluding treatment facilities, shall be designed by the Utility's consulting engineer, and shall be constructed and installed by the Utility. Contributor shall pay Utility an amount equal to the actual construction cost of the off-site facilities. When these facilities are completed, the Utility will enter into a contract payable with the Contributor to refund the amount which is less than or equal to the approved fees and charges stated on the Schedule of Fees and Charges on Sheets 21.1 through 21.4 pursuant to Rule 20.0.

Contributor shall convey to Utility all necessary easements and rights-of-way as a condition precedent to the initiation of construction pursuant to Rule 10.0.

(Continued on Sheet No. 32.0)

Tim E. Thompson
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WATER TARIFF

(Continued from Sheet No. 31.0)

7.1 Construction of Oversized Facilities

The Utility may require the installation of oversized off-site lines and facilities to provide service for other properties in accordance with the master plan of the Utility. In this event, Contributor may be required to advance the entire cost, and the balance of the cost in excess of the cost to service the Contributor may then be the subject of a contract payable pursuant to Rule 20.0.

8.0 ON-SITE FACILITIES

On-site transmission, distribution, and other water facilities shall be designed by the Contributor, and shall be constructed and installed by the Utility. Contributor shall pay Utility an amount equal to the actual construction cost of the on-site facilities. When these facilities are completed, the Utility will enter into a contract with the Contributor to repay the amount which is less than or equal to the fees and charges stated on the Schedule of Fees and Charges on Sheets 21.1 through 21.4 pursuant to Rule 20.0.

8.1 Design and Construction of On-site Facilities

Contributor shall design the on-site facilities provided, however, such design shall be subject to the prior approval of the Utility. In the Alternative, the Utility may design on-site facilities and require the Contributor to pay the actual cost of design, including all necessary fees.

Utility shall recognize the design of water facilities prepared by a professional engineer registered in the State of Florida regularly engaged in the field of sanitary engineering, covering the design of developer's on-site water distribution system. Provided, however, that each such design shall be fully subject to the approval of the Utility's engineer and shall conform in all respects to the criteria of the Utility governing the installation of utility facilities ultimately to be installed by the Utility. The Utility shall charge a fee, the actual cost to Utility, for reviewing such engineering plans and furnishing to the developer's engineer various information regarding location and criteria as provided by Rule 15.0. All designs of water

(Continued on Sheet No. 33.0)

Tim E. Thompson
President

WATER TARIFF

(Continued from Sheet No. 32.0)

distribution facilities are at all times subject to the approval of agencies having jurisdiction over such design.

The Utility will establish its specifications based upon good engineering and utility construction practices, and shall provide such specifications to the developers or their representatives. Any such specifications shall be incorporated into the design and construction of the on-site distribution systems.

In the event that such specifications are not incorporated into the on-site system design, the Utility reserves the right to order suspension of further design or construction pending correction of the deficiencies.

8.2 Construction of Oversized Facilities

Utility may install or may require the installation of oversized lines or facilities on Contributor's property to provide service to other properties in accordance with the master plan of the Utility. In this event, Contributor will be required to advance the entire cost, and the balance of the cost in excess of the cost to service the Contributor may then be the subject of a contract payable pursuant to Rule 20.0.

9.0 SYSTEM CAPACITY CHARGES

In service areas for which the Commission has approved system capacity charges, the Utility requires that all contributors pay contributions in aid of construction based in part on a pro rata share of the cost of treatment plant, transmission, distribution and other facilities, whether or not the facilities have been constructed or may be constructed.

9.1 Schedule of System Capacity Charges

System capacity charges shall be paid prior to connection as a prerequisite for water service as listed in the Statements of Fees and Charges on Sheets 21.1 through 21.4.

(Continued on Sheet No. 34.0)

Tim E. Thompson
President

WATER TARIFF

(Continued from Sheet No. 33.0)

9.2 Calculation of System Capacity Charges

Commercial, Industrial and all others will be computed based on the equivalent number of residential connections (ERCs) which shall be the estimated average daily demand for the development divided by 350 gallons. The charge shall be the total number of estimated gallons of daily usage times the charge per gallon in Rule 6.1 above.

9.3 System Capacity Allocations

Upon payment by the contributor and its proper execution of an agreement for service availability pursuant to these rules, the Utility will reserve and will allocate to the contributor the portion of water plant capacity as set forth in the agreement for a period of eighteen (18) months from the date of payment of all amounts set forth in the agreement. The Utility will not be obligated to provide capacity or service in excess of that allocation and may require consumers to curtail use which exceeds such allocated capacity.

In no event shall the Utility be required to build or accept plans, specifications, contributions in aid of construction or agreements predicated upon demand for water service less than 350 gallons per equivalent residential connection.

9.4 System Capacity Charges Based on Actual and Experienced Demand

If the experience of the consumers after twelve months' actual usage exceeds the estimated gallons computed in Rule 6.2, the Utility shall have the right to collect additional plant capacity charges. The twelve-month period shall commence when certificates of occupancy have been issued for the entire project.

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WATER TARIFF

10.0 EASEMENTS AND RIGHTS-OF-WAY

As a prerequisite to the construction of any water transmission and/or distribution system proposed to be connected to the facilities by the Utility, Contributors shall be responsible for obtaining all easements or rights-of-way necessary in connection with the installation of the proposed facilities and the master plan of the Utility. All Grants or conveyances shall be free and clear of all liens and encumbrances and in form proper for recording and satisfactory to the Utility attorney. Such conveyances shall be made without cost to the Utility. The Utility reserves the right to require such easement or right-of-way to the point at which the Utility's facilities join with the consumer's installation as a prerequisite to commencement of service.

11.0 APPROVAL OF CONTRACTORS

When the on-site or off-site facilities are to be constructed by the Contributor, the Utility shall have the right to approve the proposed contractors with regard to their competency to construct the proposed on-site or off-site facilities. Such approval shall not be unreasonably withheld by the Utility.

12.0 INSURANCE

As a prerequisite to the construction of any on-site or off-site facilities by the Contributor, the Utility may require the Contributor to obtain and maintain liability and property damage insurance in amounts considered adequate by the Utility. The insurance policies shall name and protect the Utility from contingent liability arising from the construction activities.

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WATER TARIFF

13.0 PERFORMANCE BOND

As a prerequisite to the construction of any on-site or off-site facilities by the Contributor, the Utility may require that the Contributor obtain and maintain a performance bond in an amount to guarantee the completion of the on-site or off-site facilities.

14.0 DAMAGE TO EXISTING FACILITIES

The Utility may require that the Contributor repair or reimburse the Utility at the Utility's option for damage to the Utility's existing facilities by the construction activities of the Contributor. The Contributor shall also be responsible for damage to any other Utility's facilities or to roadways, sidewalks, driveways, drainage facilities, or landscaping.

15.0 PLAN REVIEW AND INSPECTION FEES

Engineering plans or designs for, or construction of facilities by a Contributor which are to become a part of the Utility's system, will be subject to review and inspection by the Utility. For this service, the Utility may charge plan review and inspection fees based on the actual or average cost of the Utility for review of plans and inspection of facilities constructed by Contributor or independent contractor for connection with the facilities of the Utility. Such review and inspection fees shall be paid by the Contributor in addition to all other charges as a condition precedent to service.

16.0 INSPECTION OF PLUMBER'S HOOK-UP

When on-site or off-site facilities are constructed by the Contributor, it shall be the responsibility of the Contributor or its plumbing contractor to connect the Contributor's plumbing installation with the Utility's water transmission and distribution system. The Utility reserves the right to inspect all such connections to be assured that they are properly made in accordance with the Utility's specifications.

It shall be the responsibility of the Contributor or its plumbing contractor to connect Contributor's plumbing installation with the water transmission and distribution and/or wastewater collection system. The Utility reserves the right to inspect all such connections to be assured that the same are properly made in accordance with the Utility's rules governing such connections.

(Continued on Sheet No. 37.0)

Tim E. Thompson
President

WATER TARIFF

(Continued from Sheet No. 36.0)

The Contributor shall notify the Utility of any proposed inter-connection with the facilities of the Utility and connection may be made without the presence of the Utility inspector. However, such connection shall remain open until inspection by the Utility and until notice of the approval of such connection is furnished to the Contributor in accordance with the practices and procedures of the Utility. Any connection covered without the benefit in inspection will result in the Contributor being required to reopen the connection for subsequent inspection. If the Utility fails to inspect the connection within 48 hours after notice that the same is ready for inspection, the connection shall be deemed approved by the Utility.

17.0 METER INSTALLATION FEES

Utility will furnish and supply all water meters used in its system in the interest of standardization and uniformity.

Utility will charge each person requesting water service a fee to offset the Utility's cost of the meter, appurtenances and cost of installation, if applicable, for the size meter required by the use characteristics of the property and the customer to be served as determined by the Utility. This fee will be paid by consumers for the meter and meter installation and shall be charged only one time for the meter and its installation at any one location. Requests to exchange meters of a larger size will result in a charge to the consumer of the difference between the existing smaller size meter and the requested larger size meter plus applicable installation costs. The fees required for meter installations are listed on Sheets 21.0 through 21.4.

The charge for meters larger than 5/8x3/4 inches will be the amount reflected on Sheets 21.0 through 21.4, or if an amount is not scheduled, based upon the estimated actual cost of the meter or meters plus the cost of installation. Where actual costs differ from estimates, the difference will be refunded by the Utility if the total cost was less than the estimate, or paid by the Contributor prior to the initiation of water service if the actual cost exceeds the estimated cost. The Contributor will be furnished a copy of the invoice at the time of installation, or as soon thereafter as possible, upon request.

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WATER TARIFF

18.0 BACKFLOW PREVENTOR FEES

The installation of a backflow preventor device shall be required when a cross-connection hazard is discovered that creates an imminent and substantial danger to public health. Also, the installation of a backflow preventor device is permitted upon customer request. The fees required for backflow preventor devices are as shown on Sheets 21.1 through 21.4.

19.0 CUSTOMER SERVICE LINE INSTALLATION CHARGE

When it is necessary to install a customer service line from an existing main to the point of delivery, a customer service line installation charge shall be paid by the individual customer. The amount of the charge will be the actual cost as determined by whether or not a road crossing is required. This charge will be imposed only when facilities previously installed have no service line to the Contributor's property.

20.0 CUSTOMER INSTALLATION

Any facilities physically located within the consumer's property lines shall not be transferred to the Utility and shall be the property of individual customers, their successors or assigns.

21.0 ADVANCES FOR CONSTRUCTION

The Utility may require the Contributor to advance the entire cost of the on-site and off-site facilities for the Contributor's project. The Utility may require that these facilities be oversized to enable service to be provided to additional territory and that the contributor advance the entire cost of such oversized facilities.

When the system is complete, the Utility will enter into a contract with the Contributor for repayment of the advance from receipts of contributions in aid of construction related to these facilities without interest.

22.0 HELD FOR FUTURE USE

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WATER TARIFF

23.0 GUARANTEED REVENUES

Not less than ten days before the day upon which a Contributor's on-site water system is accepted by the Utility and on each anniversary thereafter until all plant capacity reserved for the Contributor is serving a customer, or consumer, Contributor shall pay to the Utility the sum of money which is equal to the minimum rate for water service for each equivalent residential connection to be served for a period of one year in advance. As customers are added to the system, appropriate guaranteed revenue charges will be deducted from the amount paid by the Contributor and refunded by the Utility to the Contributor at the end of one year from the date of payment of the guaranteed revenue deposit.

If the Contributor refuses or fails to pay the money required by this paragraph, the agreement for reservation by the Utility for Contributor shall be void and no capacity shall be reserved for such Contributor.

24.0 EXTENSION OF SERVICE OUTSIDE TERRITORY

Providing service outside the Utility's territory involves formal notice and formal proceedings before the Florida Public Service Commission and therefore entails engineering, administrative and legal expenses in addition to cost incurred by the Utility providing service within its territory. The Utility, will therefore, not be obligated to provide service outside the territory unless the Contributor agrees in advance, to defray those initial expenses and to pay the estimated costs thereof. The advancement will be adjusted to conform with actual expenses after the proceedings have been completed. The Utility will further make such extensions outside the territory only if the extensions and treatment plant reservation or expansion to serve such extension are economically feasible.

25.0 SPECIAL CONTRACTS

Utility will require special contracts for service to areas of development when the economic feasibility (as defined by Rule 25-30.515(7), F.A.C.) of service to such areas is not met by application of the above provisions. Such special contracts may entail advances for construction, guaranteed revenues or other special deposits in order to make the main extensions to such areas feasible, and will be prepared at the Contributor's expense.

(Continued on Sheet No. 40.0)

Tim E. Thompson
President

WATER TARIFF

(Continued from Sheet No. 39.0)

Any special contract entered into will be filed with the Florida Public Service Commission and is subject to its approval.

26.0 DEVELOPER AGREEMENTS REQUIRED

The Contributor may be required to execute a Developer Agreement setting forth such reasonable provisions governing Contributor's and Utility's responsibilities pertaining to the installation of service facilities; the interconnection of plumber's lines with facilities of the Utility; the manner and method of payment of contributions in aid of construction; matters of exclusive service rights by Utility; standards of construction or specifications; time commitments to "take and use water service;" engineering errors and omissions, rules, regulations and procedures of Utility; prohibitions against improper use of the Utility's facilities; and other matters normally associated with and contained in developer agreements. Nothing contained in such developer agreements shall be in conflict with this Service Availability Policy as included in the Utility's Tariff on file with the Florida Public Service Commission.

Should conditions warrant an agreement other than the Utility's standard agreement, Contributor will be required to pay all actual costs for services of an independent counsel or persons qualified to draft and prepare such agreement. A copy of each such agreement shall be filed with the Commission in accordance with Rule 25-30.550(1), F.A.C.

27.0 RESTRICTIVE COVENANT

Utility may require the Contributor to execute a restrictive covenant running with the Contributor's property which will provide the Utility with the sole and exclusive right to provide water and wastewater service to the Contributor's property, and will prohibit any tenant, owner, successor in interest or user from drilling a well for potable, domestic or irrigation needs.

28.0 ADJUSTMENT PROVISIONS

The charges set forth in this policy and contracts drawn pursuant thereto are subject to adjustment by appropriate action of the governmental agency having jurisdiction of this policy, whether upon the initiative of the governmental agency or by request of the Utility.

Tim E. Thompson
President

WATER TARIFF

TABLE OF DAILY FLOWS
FOR VARIOUS OCCUPANCY

<u>TYPES OF BUILDING USAGES</u>	<u>WATER</u>
Apartments--Master Metered	250 gpd
Bars and Cocktail Lounges	10 gpcd
Boarding Schools (Students and Staff)	75 gpcd
Bowling Alleys (toilet wastes only, per lane)	200 gpd
Country Clubs, per member	50 gpcd
Day Schools (Students and Staff)	20 gpcd
Drive-In Theaters (per car space)	5 gpd
Factories, with showers	30 gpcd
Factories, no showers (per 100 sq. ft.)	10 gpd
Hospitals, with laundry (per bed)	250 gpd
Hospitals, no laundry (per bed)	200 gpd
Hotels and Motels (per room and unit)	200 gpd
Laundromat (per washing machine)	225 gpd
Mobile Home Parks (per trailer)	300 gpd
Movie Theaters, Auditoriums, Churches (per seat)	5 gpd
Nursing Homes (per 100 sq. ft.)	150 gpd
Office Buildings (per 100 sq. ft.)	10 gpd
Public Institutions (other than those listed)	75 gpcd
Restaurants (per seat)	50 gpcd
Single Family Residential	
5/8x3/4" Meter	350 gpd
1" Meter	600 gpd
1 1/2" Meter	1, 150 gpd
Wastewater	
Townhouse Residence	350 gpd
Stadiums, Frontons, Ball Parks, etc. (per seat)	3 gpd
Stores, without kitchen wastes (per 100 sq. ft.)	5 gpd
Speculative Buildings	30 gpd
plus (per 100 sq. ft.)	10 gpd
Warehouses	30 gpd
Plus (per 1,000 sq. ft.)	10 gpd

- (1) gpcd - gallons per capita per day
(2) gpd - gallons per day

Tim E. Thompson
President