



United Water Florida  
 25400 Millcoke Road  
 PO Box 8004  
 Jacksonville, FL 32239-8004  
 telephone 904 721 4600  
 facsimile 904 721 4680

RECEIVED  
 89 AUG 16 AM 7:31  
 MAIL ROOM

August 12, 1999

Ms. Blanca Bayo  
 Division of Records and Reporting  
 The Florida Public Service Commission  
 2540 Shumard Oak Boulevard  
 Tallahassee, Florida 32399-0850

Re: Undocketed Workshop on Reuse of Reclaimed Water

Dear Ms. Bayo:

The Florida Public Service Commission (PSC) has conducted two workshops for the purpose of discussing the regulatory and ratemaking issues involved in providing reuse service by utilities regulated by the PSC. The purpose of this letter is to clarify comments made on behalf of United Water Florida, Inc., at the July 29, 1999 workshop and to provide additional information.

We will present our comments in the order in which the topics were addressed in the PSC memo dated July 14, 1999 regarding Ratemaking Treatment and Service Territory for Reuse Facilities.

- Definition of Reuse

We concur with staff's recommendation that the PSC should be consistent with the definition of reuse. The definition should be consistent with the regulatory agencies that have primacy in that area, namely the Florida Department of Environmental Protection (DEP) and the water management districts. The Commission should adopt the DEP definition of reuse for the purpose of ratemaking.

- Reuse Project Plans

Staff is proposing that utilities be required to seek approval by the Commission of reuse projects prior to construction. It is hoped that this process will allow Staff to review the proposed projects with respect to prudence, sizing and economic impact. The review process would coincide with the DEP permitting process. While we would welcome the opportunity to review plans of major improvements with Staff prior to construction, we feel this should be done on an informal basis and not part of the overall permitting effort. The current time frame for the approval of a wastewater treatment plant is approximately nine months. The addition of a required approval mechanism for reuse facilities by another regulatory agency will extend this process an additional 2 – 6 months or longer.

AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 MAS \_\_\_\_\_  
 OPC \_\_\_\_\_  
 PAI \_\_\_\_\_  
 SEC \_\_\_\_\_  
 WAW \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

09650 AUG 16 89

1999 AUG 16 10 48 AM

This type of process could place the utility in the position of responding to information requests from three different regulatory agencies as well as attempting to have all three agree on issuing a permit, all for the same project. Furthermore, the utility may be also required to respond to information requests from potential intervenors in the Commission approval process. In fairness to Staff, we are not certain what type of approval is sought to be granted by the Commission. It would seem unlikely that a determination could be made granting the associated revenue requirement without some form of a proceeding involving all interested parties (OPC, intervenors, etc.). We believe a PSC reuse approval process will extend the overall permitting time frame without producing a final determination of additional revenue by the PSC. For the reasons stated, we are not in favor of a reuse project plan review and approval process.

- County Option Requirement

We concur that should any county take back jurisdiction of rates for privately owned utilities in that county, then that county must adopt and follow provisions of Sections 367.0817, Florida Statutes.

- Minimum Filing Requirements (MFR's) for Rate Making

We support the need for submitting MFR's related to reuse facilities when filing a rate case. The MFR's should have similar requirements as those currently for water and wastewater facilities.

- Identification of Reuse Territory

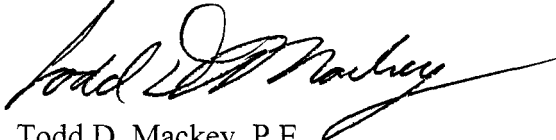
Staff has recommended that a reuse territory be established just as it establishes water and wastewater territories. Staff further recommends that territories be "grandfathered" based upon existing areas that the utility presently provides reuse. We agree that reuse territories should be established but would recommend a different approach. The reuse territory should be the same service area as the present wastewater service territory. The existing certificate should be amended or "grandfathered" to allow this additional service. This is an important difference as opposed to the existing reuse territory proposed by staff. We believe for the following reasons that our existing wastewater territory should be recognized as our reuse territory;

1. It is important that a reuse-certificated area be designated in order to allow a utility to properly plan and forecast its plant needs. Dr. York of the DEP discussed during the second workshop that each utility had prepared a reuse feasibility plan. A primary assumption in the completion of UWF's plan was that its existing wastewater service area would also be its reuse territory. Based upon the potential customers that existed and are proposed an economic analysis was completed. Due to the uncertainty of not serving a broad territory, it would be impossible for a utility to properly plan and design reuse facilities. If a utility provider installed facilities sufficient only to

- serve a specific development area, it might need to install other facilities in the future for the gaps between territories, which would be very inefficient. To not have a similar reuse territory as reviewed in the plan would force UWF into a position of being unable to adequately forecast plant needs and the viability of providing reuse.
2. The lack of a reuse territory could also lead to an unfair competitive advantage in favor of municipally owned utilities. Due to the regulatory requirements placed on a private utility, the municipal systems have the advantage of subsidizing reuse rates to make it more attractive to potential customers. Private utilities are not as free to manipulate its rate for reuse in order to entice a new customer. Private utilities are also at a greater disadvantage in that taxes are included in its rates as opposed to a municipality, which does not pay taxes to itself.
  3. Environmental regulatory requirements regarding the discharge of wastewater treatment plant effluent are becoming increasingly more stringent. As effluent limitations become tighter, disposal of effluent through reuse will become even more cost effective, especially in lieu of making expensive plant process upgrades.
  4. We do not envision the reuse certification to be a major process and should be treated as such. The existing wastewater territory should be amended or “grandfathered” to include reuse in that certificate. Staff has recommended that only the existing reuse territory actually being served be “grandfathered”. By limiting the service area to that currently served by reuse, the staff will become encumbered with a great deal of certificate extension requests, noticing, hearings, etc. We do not believe it is the intent of staff to become that involved nor does it appear necessary. If the Commission only granted extensions of service area to serve specific reuse customers, instead of logical extensions of service area, i.e. a piecemeal approach, this approach would result in reuse service areas being comprised of series of complex legal descriptions. A utility company’s system runs between its plants and its customers, including territory, which has not been developed. It has been our experience that as service is established in an area that additional requests for service will follow. If reuse territory is only established on a piecemeal basis then another utility can serve the gaps between the established territory. The potential will exist for the duplication of utility facilities throughout the various piecemeal service territories as different utilities attempt to serve the same broad territory. Lastly, the lack of a broad territory would promote “cherry picking” of only the most profitable areas and avoid the responsibility of providing service to the gap territories. Reuse is an essential component of wastewater effluent disposal and therefore the reuse territory should be the same as the wastewater territory.

The above represents our comments regarding reuse and ratemaking as it was presented at the second workshop on July 29, 1999. If you or anyone at the Commission should have any questions pertaining to the above information please feel free to call me at (904) 721-4601, ext. 4606.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd D. Mackey". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Todd D. Mackey, P.E.  
Assistant Manager

Cc: G. Moseley  
JoAnne Chase - PSC