

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for amendment
of Certificates Nos. 534-W and
465-S to add territory in Lake
County by Lake Groves Utilities,
Inc.

DOCKET NO. 000430-WS
ORDER NO. PSC-00-1657-PAA-WS
ISSUED: September 18, 2000

The following Commissioners participated in the disposition of
this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER

ORDER APPROVING AMENDMENT OF CERTIFICATES
TO INCLUDE ADDITIONAL TERRITORY IN LAKE COUNTY

AND

NOTICE OF PROPOSED AGENCY ACTION
APPROVING RECLAIMED WATER CLASS OF SERVICE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein approving a reclaimed water class of service is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On April 11, 2000, Lake Groves Utilities, Inc. (Lake Groves or utility) filed an application with this Commission for amendment of Certificates Nos. 534-W and 465-S to include additional territory in Lake County, Florida, pursuant to Section 367.045, Florida Statutes, and Rule 25-30.036(3), Florida Administrative Code. Lake Groves is a Class B utility which provides service to about 1,240 water customers and 1,225 wastewater customers in Lake County. Lake Groves was formed in 1990 and was acquired by Utilities, Inc. in July of 1998.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

The utility is in the St. Johns River Water Management District (SJRWMD), which is a Water Use Caution Area. A copy of the application was sent to the Department of Community Affairs (DCA) in accordance with the Memorandum of Understanding entered into by the Commission and the DCA on June 5, 1998, and revised on May 16, 2000. According to DCA's response, it has no objection to the application.

Application

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains a filing fee in the amount of \$1,000 (\$500 for water and \$500 for wastewater), pursuant to Rule 25-30.020, Florida Administrative Code. The application also contains evidence in the form of a warranty deed that the utility owns the land upon which its facilities are located, as required by Rule 25-30.036(3)(d), Florida Administrative Code.

The utility provided adequate service territory and system maps and a territory description, as required by Rule 25-30.036(3)(e), Florida Administrative Code.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application have been received and the time for filing such has expired.

Lake Groves intends to develop the additional territory into residential housing consisting of a maximum of 350 single family homes. The utility's current water lines are across the street from the proposed service area. The existing water system consists of two wells, a treatment facility, and three hydro-pneumatic tanks with a capacity of 1,080,000 gallons per day (gpd). The system is in the process of being expanded and upgraded with a 500,000 gallon ground storage tank and high service pumping. With the expansion, the system will be able to supply a maximum of 2,160,000 gpd. The estimated water demand for the proposed development is 122,500 gpd (350 gpd/unit x 350 units). Further, it should be noted that according to the Department of Environmental Protection (DEP), there are no outstanding notices of violation against the water system.

According to Lake Groves, the current permitted wastewater treatment capacity is 175,000 gpd. The expansion to 500,000 gpd is nearing completion. The effluent disposal capacity in the evaporation/percolation ponds is limited to 345,000 gpd. Current wastewater flows are 175,000 gpd. The estimated demand for wastewater service for the proposed development is 96,250 gpd (175 gpd/unit x 350 units). With the wastewater plant expansion, the utility will have sufficient capacity to serve the additional territory. Lake Groves is planning to dispose of some of the effluent through reuse in the next phase of the wastewater construction. Reuse will be provided to the residents of the proposed Citrus Highlands development and the existing Orange Tree Subdivision, formerly known as Holly in the Hills. As with the water system, the existing wastewater lines are across the street from the proposed service area. Further, according to DEP, there are no outstanding notices of violation against this system.

Based on the foregoing, we find that it is in the public interest to approve the amendment of Certificates Nos. 534-W and 465-S, held by Lake Groves, to include the territory shown on Attachment A of this Order, which by reference is incorporated herein. Lake Groves has returned the Certificates to this Commission for entry reflecting the additional territory in Lake County.

With regard to rates and charges, Lake Groves' approved rates became effective pursuant to Order No. 24283, issued March 25, 1991, in Docket No. 900957-WS. Lake Groves shall charge the customers in the territory added herein the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. The utility has filed revised tariff sheets reflecting the additional territory.

Reclaimed Water

The proposed Citrus Highlands development will be connected to Lake Groves' new reuse system. In addition, the existing Orange Tree Subdivision will also receive reuse. Although the wastewater treatment expansion is nearly complete, the reuse system (filtration, ground storage tank and high service pumps) has not been designed. Reuse service is not expected to be available until the first quarter of 2001.

Due to growing concerns over water conservation, reclaimed water is increasingly being viewed as an alternative source of

water for irrigation of golf courses and, in some cases, residential communities. Because of the costs involved in providing reclaimed water, it has become Commission practice to recognize reclaimed water service as a class of service which should be included in the utility's tariff, even if the utility is not currently charging for the service.

Although there are costs associated with the provision of reclaimed water service, there are instances in which the "avoided costs" outweigh the actual cost of the service, and thus not charging for the service is justified. Providing effluent for irrigation of non-utility property may delay or even eliminate the need for the utility to purchase additional land for spray fields or percolation ponds, thereby resulting in lower rates for the utility's existing wastewater customers.

In this case, the utility is currently using percolation/evaporation ponds to dispose of the effluent. The disposal capacity in the percolation/evaporation ponds is limited to 345,000 gpd. Because the wastewater treatment capacity will be 500,000 gpd after the expansion is complete, additional disposal capacity is needed. The upgrade of the wastewater facility will allow the utility to reuse the effluent. The utility believes, and we agree, that a zero charge is appropriate at this time in order to encourage customers to take the reclaimed water. Should the utility wish to charge for reuse service at a later time, it must file an application with this Commission to establish a charge for reuse service, pursuant to Section 367.091, Florida Statutes. At this time, an analysis of the cost and benefits to the utility have not been made. Our decision to approve a zero charge for reuse is consistent with past Commission decisions. See Order No. PSC-95-1325-FOF-WS, issued October 31, 1995, in Docket No. 941151-WS; Order No. PSC-98-0475-FOF-WS, issued April 1, 1998, in Docket No. 971157-WS; and Order No. PSC-00-0804-PAA-WS, issued April 24, 2000, in Docket No. 000041-WS.

However, we believe that the reuse flow should be metered so that reuse data can be monitored by the utility. The information is needed for the SJRWMD, the DEP, and future reuse applications. Further, leaks in the reuse system can be identified if the system is metered. The information will also be helpful in setting a rate for the service in the future. Currently, the utility has the following meter installation charges for the potable water system.

<u>Meter Size</u>	<u>Installation Fee</u>
5/8" x 3/4"	\$ 67.00
1"	\$ 114.00
Over 1"	Actual Cost*

*Actual cost is equal to the total cost incurred for services rendered.

In view of the foregoing, we find it appropriate to require Lake Groves to install meters for reuse service. Lake Groves shall charge the reuse customers the meter installation charges approved in its tariff. Lake Groves shall file a wastewater tariff sheet reflecting the reclaimed water class of service at a zero rate for the Citrus Highlands and Orange Tree Subdivisions. The tariff sheet shall also reflect the meter installation charges approved herein. Our staff shall administratively approve the tariff sheets upon verification that the tariffs are consistent with our decision. The tariff shall be effective for services rendered on or after the stamped approval date on the tariff sheets. Further, Lake Groves shall return to this Commission for a determination regarding rates for reclaimed water service prior to providing that service to any other customers.

It is, therefore,

ORDERED by the Florida Public Service Commission that Certificates Nos. 534-W and 465-S, held by Lake Groves Utilities, Inc., 200 Weathersfield Avenue, Altamonte Springs, Florida 32714, are hereby amended to include the territory shown on Attachment A of this Order, which by reference is incorporated herein. It is further

ORDERED that Lake Groves Utilities, Inc. shall charge the customers in the territory added herein the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that Lake Groves Utilities, Inc.'s request for a reclaimed water class of service at a zero rate for the Citrus Highlands and Orange Tree Subdivisions is hereby approved. It is further

ORDERED that Lake Groves shall install meters for the reclaimed water service. Lake Groves shall charge the meter

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installation charges as set forth in the body of this Order and approved in its tariff. It is further

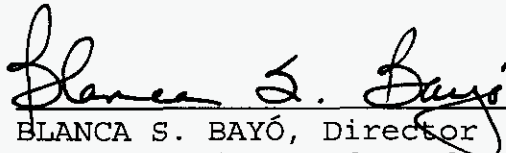
ORDERED that Lake Groves shall file a wastewater tariff reflecting the reclaimed water class of service at a zero rate for the Citrus Highlands and Orange Tree Subdivisions and for the meter installation charges as set forth in the body of this Order. The tariff sheets shall be administratively approved upon verification that the tariffs are consistent with our decision. The tariff sheets shall be effective for services rendered on or after the stamped approval date on the tariff sheets. It is further

ORDERED that Lake Groves shall return to this Commission for a determination regarding rates for reclaimed water service prior to providing that service to any other customers. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 18th day of September, 2000.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action approving a reclaimed water class of service is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 9, 2000. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

LAKE GROVE UTILITIES, INC.

WATER AND WASTEWATER TERRITORY

LAKE COUNTY

Citrus Highlands Legal Description for the Proposed Amendment of Certificate:

Parcels A and B:

Beginning at the intersection of the north line of the Northwest 1/4 of the Southwest 1/4 of Section 23, Township 24 South, Range 26 East and the East right-of-way line of US Highway 27 as now established, which point is 506.02 feet, more or less, East of the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of said section, run thence South 20°05'03" East along the East right-of-way line of said Highway 27 a distance of 84.70 feet; thence North 89°50'40" East 375.55 feet; thence North 39°19'10" East 206.81 feet; thence North 47°37'10" East 407.7 feet; thence North 0°41'10" East 243.6 feet, more or less, to the South line of private road; thence Southwesterly along said south line of said private road South 54°39' West 1051.94 feet to the point of beginning.

Parcel C:

All that land in the Southwest 1/4 of the Northwest 1/4 of Section 23, Township 24 South, Range 26 East and lying between the above parcels A and B, and the South line of the graded road (said road lying North of said parcels A and B). From the Northwest corner of the Southwest 1/4 of Section 23, Township 24 South, Range 26 East, Lake County, Florida, run North 89°42' East along the North line of said Southwest 1/4 of Section 23, a distance of 502.64 feet, more or less, to the Easterly right-of-way line of Highway 27 for the point of beginning; run thence South 20°33'20" East along said right-of-way line 94.17 feet; thence North 89°50'40" East 375.55 feet; thence North 39°10'10" East 115.95 feet to the North line of the Southwest 1/4 of said Section 23, thence South 89°42' West 482.19 feet to the point of beginning.

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ATTACHMENT A
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South 1/2 of Southeast 1/4 of Northwest 1/4, South of 1/2 of Northeast 1/4, North 1/2 of Northwest 1/4 of Southeast 1/4, North 1/2 of Northeast 1/4 of Southwest 1/4, all in Section 23, Township 24 South, Range 26 East, Lake County, Florida.

The South 225 feet of the North 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 23. Less: The North 116.93 feet of the South 1/2 of the Northeast 1/4 (except the West 100 feet thereof) of Section 23, Township 24 South, Range 26 East.