

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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PSC-RECORDS, REPORTING

**DATE:** APRIL 19, 2001

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

**FROM:** DIVISION OF REGULATORY OVERSIGHT (RIEGER) *SOZ*  
DIVISION OF LEGAL SERVICES (CIBULA) *SMC. PS BSM*

**RE:** DOCKET NO. 001234-WS - APPLICATION FOR AMENDMENT OF  
CERTIFICATE NOS. 263-W AND 179-S TO EXTEND SERVICE AREA IN  
NASSAU COUNTY BY UNITED WATER FLORIDA INC.  
COUNTY: NASSAU

**AGENDA:** MAY 01, 2001 - REGULAR AGENDA - INTERESTED PERSONS MAY  
PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\RGO\WP\001234.RCM

CASE BACKGROUND

United Water Florida, Inc. (United Water or utility) is a Class "A" utility which provides water and wastewater service in Duval, Nassau, and St. Johns Counties. United Water was formed as a Florida corporation on June 5, 1937, and has local offices in Jacksonville, Florida. United Water is a wholly owned subsidiary of United Waterworks, Inc., which is a Delaware corporation, formed on June 1, 1970, with its principal office located in New Jersey. The utility's 1999 annual report shows that it had gross annual operating revenues of \$29,808,888 and a net operating income of \$5,256,000 for its water and wastewater systems, and serves approximately 31,129 water and 25,829 wastewater customers throughout its entire service area. The Commission has previously found that United Water's facilities are functionally related and comprise a single utility system whose service transverses county boundaries. Both the existing and proposed amended territories of United Water are located within the boundaries of the St. Johns River Water Management District (SJRWMD). All of the SJRWMD has

DOCUMENT NUMBER-DATE

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PSC-RECORDS, REPORTING

been designated a Water Use Caution Area, which requires the application of certain water use restrictions.

Pursuant to Section 367.045, Florida Statutes, on August 25, 2000, the utility applied for amendment of Certificates Nos. 236-W and 179-S to extend its service area in Nassau County, in order to provide service to an area located outside the utility's existing certificated service area. The requested area included a soon to be constructed development called Lighthouse Point, in addition to areas adjacent to the Lighthouse Point Development. The utility originally projected the buildout of the entire proposed territory to be approximately 400 Equivalent Residential Connections (ERCs) for water and wastewater. Lighthouse Point will have approximately 173 ERCs, which will include 143 single family homes, a hotel, and a small store. The water treatment plant to be located at Lighthouse Point, the Lighthouse Point water distribution and wastewater collection systems, and the wastewater force main connecting the development with the utility's wastewater treatment plant, are to be constructed by the developer. That property will then be conveyed to the utility through a developer agreement, which will be filed after approval of the amendment.

The Commission received over 200 letters objecting to the utility's application, stating concerns about urban sprawl, the environment, and the possibility of local residences being forced to connect to the utility's system. Staff sent letters in response to the objections, requesting clarification as to whether these individuals wished to pursue their objections through a hearing. Eight individuals responded to staff's letters and stated that they wanted a hearing in this matter.

On October 24, 2000, United Water filed an amended application, in which it modified the legal description of its proposed territory to include only the area in the Lighthouse Point development. After the utility amended its application, all eight of the individuals who objected to the application and requested a hearing withdrew their objections. Seven of those who withdrew their objections and requests for a hearing stated that the withdrawal of their objection was contingent on the utility only providing service to the Lighthouse Point development, which is the case.

This application is being brought to the Commission for a determination on the amended service territory application. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should United Water Florida, Inc.'s amended application for amendment of Certificates Nos. 363-W and 179-S be granted?

**RECOMMENDATION:** Yes, United Water Florida, Inc.'s amended application for an amendment to expand its territory as described in Attachment A, should be granted. United Water Florida, Inc. should charge the customers in the territory added herein the rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding. Pursuant to Rule 25-30.036(3)(d), Florida Administrative Code, the utility should also be required to file proof of ownership or continued use of the land upon which the water treatment plant facilities will be located within six months of the issuance date of the order rendered in this matter, which is November 19, 2001. (RIEGER)

**STAFF ANALYSIS:** On August 25, 2000, the utility applied for an amendment to Certificate Nos. 363-W and 179-S in Nassau County, Florida, in order to provide service to an area located outside its existing certificated service area. After protests were received, the utility filed an amended application, confining its proposed new service to an area called the Lighthouse Point Development. Lighthouse Point will ultimately serve approximately 173 residential and general service ERCs.

Except for an issue pertaining to land ownership, the application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning applications for amendment of certificates. This application contained a check in the amount of \$1,000, which at the time of the original application was the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

In reference to land ownership, as required by Rule 25-30.036(3)(d), Florida Administrative Code, the applicant has provided evidence that the utility owns the land upon which the existing wastewater treatment plant is located. The water treatment plant will be constructed by the developer and will be conveyed to the utility through a developer agreement. Therefore, at this time, the utility does not presently own or lease the water plant site property. In similar situations, the Commission has allowed other utilities additional time to file a deed or long term lease after the final order on the application. See Order No. PSC-99-1232-FOF-WS, issued June 22, 1999, in Docket No. 981992, wherein the Commission allowed Sandy Creek Utilities, Inc., six months

after the issuance of the order to file a warranty deed. The staff has discussed this concern with the utility. Staff believes that a six month timeframe should be sufficient time to obtain the land deed or lease. Therefore, the staff recommends that United Water be required to file proof of ownership or continued use of the land upon which the water treatment plant facilities will be located within six months of the issuance date of the order rendered in this matter, which is November 19, 2001.

Adequate service territory and system maps and territory descriptions have been provided as prescribed by Rule 25-30.036(3)(e), (f) and (i), Florida Administrative Code. An amended description of the territory to be added by the utility is appended to this recommendation as Attachment A. The utility has filed an affidavit consistent with Section 367.045(2)(d), Florida Statutes, that it has tariffs and annual reports on file with the Commission.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. As discussed in the case background, the Commission received a number of letters objecting to the application, stating concerns about urban sprawl, the environment, and the possibility of local residents being forced to connect to the utility's system. Of those who sent objection letters, eight individuals requested a hearing. However, those objections and requests for hearing were subsequently withdrawn when the utility filed an amended application proposing service to only the Lighthouse Point development.

The local planning agency was also provided notice of the application and did not file a protest to the amendment. The utility states that its water and wastewater service to the proposed additional area has been and will continue to be consistent with the water and wastewater section of the local comprehensive plan as approved by the Department of Community Affairs. The Department of Community Affairs (DCA) has reviewed the proposed territory expansion and found it had no objection to the utility's proposed expansion. However, there was a wetlands area that the DCA determined would not need the provision of central water and sewer facilities. It was recommended that this area be excluded from the proposed expansion area. This concern was eliminated as a result of the utility's amended application. The wetlands area was removed from consideration because it was part of the proposed areas that were deleted in the amended application.

Water service to the proposed additional area will be provided by the soon to be constructed Yulee North Regional Water Treatment

Plant. As stated earlier, the developer of the Lighthouse Point development will construct the water plant on the development site and convey it to the utility. The Yulee North Regional Water Treatment Plant has a proposed capacity of 100,000 gallons per day (gpd). The plant will have two wells, and will use aeration for hydrogen sulfide removal and chlorination for disinfection purposes.

Wastewater service will be provided by connecting customers to the utility's existing Nassau Regional Wastewater Treatment Plant. The developer has obtained a permit for the construction of a collection system at Lighthouse Point. The project includes 1,339 feet of gravity line, nine manholes, and two liftstations. The utility's wastewater treatment plant is located several miles from the proposed territory. In addition to the onsite collection system, there will also be approximately 27,000 feet of force main constructed to connect the Lighthouse Point Development to the utility's wastewater treatment facility. Construction of the force main is underway and nearing completion. According to the construction permit, the average daily flow associated with the project will be 19,000 gpd. The developer is also conveying these facilities to the utility through the developer agreement.

United Water's wastewater treatment plant uses a secondary treatment, activated sludge process, and has four percolation ponds used for effluent disposal. Because of recent rule changes related to the percolation ponds, the Department of Environmental Protection's (DEP) permitted flow capacity for this facility is currently restricted to two operating ponds at 150,000 gpd. Modifications to the other ponds are currently underway and expected to be completed later this year. When the ponds are completed, the plant's permitted flow capacity will be rated at 300,000 gpd. Since the present flows to this facility average 130,000 gpd, there will be adequate remaining plant capacity to accommodate the projected 19,000 gpd from the Lighthouse point project. The DEP has no outstanding notices of violation issued for this system.

With respect to financial ability, the utility submitted copies of the consolidated financial statement of United Waterworks, which showed a net operating income of \$38,765,000. The utility also provided the financial statement of United Water Florida Inc., which shows a net operating income of \$5,256,000.

With respect to technical ability, the application states that both the utility and its parent company, United Waterworks, have extensive knowledge of regulations and vast experience in working

with regulatory agencies. Technical ability was also promoted through a discussion of past and present actions. For example, the utility stated it was a leader in the use of telemetry equipment in the operation of utility systems. The implementation of this equipment has proven to be an efficient, effective, and economical tool for monitoring, operating, and maintaining its systems. Also, the utility indicated that it is able to carefully plan for plant expansions and the development of its collection and distribution systems due to its in-house staff of highly trained engineers. For example, in its application the utility indicated that reuse will be considered for effluent disposal in the future. The utility is currently in the process of negotiating with developers to dispose of its treated effluent on a soon to be constructed golf course. That golf course is part of a planned residential community of 600 potential connections called the North Hamptons development. In order to provide reuse quality effluent, the utility will be using its in-house staff to plan the upgrading of its wastewater treatment plant. With respect to rates and charges reflecting reuse service when it becomes available from this facility, the utility is expected to file with the Commission amended tariff sheets addressing such service. Finally, the utility represented in the application that it is technically able to handle customer service through a trained team of field service representatives.

The utility has filed revised tariff sheets incorporating the additional territory into its tariff. United Water's approved service availability charges were effective pursuant to PAA Order No. PSC-99-0513-FOF-WS, issued March 12, 1999, in Docket No. 980214-WS, which was made final and effective by Order No. PSC-99-1070-FOF-WS, issued May 25, 1999. The utility's current monthly service rates were approved by the Commission in an administrative price index and pass through proceeding effective October 2, 2000. The utility indicates that this extension will not have a substantial impact on its monthly rates and service availability charges. Totalling about 173 ERCs, the area to be serviced will include 143 single family homes and two commercial customers. This development will use about 60,550 gpd (173 ERCs x 350 gpd/ERCs = 60,550 gpd) at buildout. Staff recommends the rates and charges approved by the Commission be applied to customers in the new service territory.

Based on the above information, staff believes that there is a need for service, and that the utility has demonstrated the financial and technical expertise necessary to provide quality service to these customers. Therefore, it is recommended that United Water Florida, Inc.'s amended application for amendment of Water Certificate No. 236-W and Wastewater Certificate No. 179-S,

DOCKET NO. 001234-WS

DATE: April 19, 2001

as described in Attachment A, should be granted pursuant to Section 367.045 Florida Statutes. The utility should charge the customers in the territory added herein the rates and charges contained in its present tariff until authorized to change by this Commission in a subsequent proceeding. The utility has filed revised tariff sheets incorporating the additional territory into its tariff and returned its certificate for entry reflecting the additional territory. In addition to the above, the utility should be required to file proof of ownership or continued use of the land upon which the water treatment facilities will be located by November 19, 2001.

DOCKET NO. 001234-WS

DATE: April 19, 2001

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** No. This docket should remain open to allow staff to verify that United Water Florida Inc. has filed proof of ownership or continued use of the land upon which the water treatment facilities will be located. Once staff has verified this information, this docket should be closed administratively.  
(CIBULA, RIEGER)

**STAFF ANALYSIS:** This docket should remain open to allow staff to verify that United Water has filed proof of ownership or continued use of the land upon which the water treatment facilities will be located. Once staff has verified this information, this docket should be closed administratively.



UNITED WATER FLORIDA INC.  
PROPOSED ADDITIONAL AREA  
TERRITORY DESCRIPTION  
NASSAU COUNTY

PARCEL A:

A portion of Section 41, Township 3 North, Range 28 East, Nassau County, Florida; and being more particularly described as follows: commence at the Southwesterly corner of said Section 41 and run North 38°52'12" East a distance of 2,195.86 feet to the Point of Beginning. Commencing at the POINT OF BEGINNING; thence North 51°39'06" West a distance of 33.18 feet, thence N 11°22'59" W, a distance of 27.58 feet; thence N 37°25'48" W, a distance of 18.41 feet; thence N 62°04'36" W, a distance of 23.16 feet; thence N 35°52'38" E, a distance of 45.11 feet; thence N 49°31'37" E, a distance of 26.25 feet; thence N 51° 37'13" E, a distance of 54.72 feet; thence N 49°13'18" E, a distance of 45.67 feet; thence N 53°46'51" E, a distance of 13.49 feet; thence N 51°12'14" E, a distance of 39.41 feet; thence N 50°29'46" E, a distance of 45.47 feet; thence N 73°05'52" E, a distance of 20.40 feet; thence N 42°03'14" E, a distance of 14.40 feet; thence N 64°52'19" E, a distance of 41.45 feet; thence S 81° 02'48" E, a distance of 29.86 feet; thence S 26°04'00" E, a distance of 12.91 feet; thence S 69°32'45" E, a distance of 18.93 feet; thence S 27°26'46" W, a distance of 31.04 feet; thence S 61°01'23" W, a distance of 20.38 feet; thence S 25°21'00" W, a distance of 12.26 feet; thence S 74°11'45" W, a distance of 12.57 feet; thence S 31°24'11" W, a distance of 20.52 feet; thence S 52°33'18" W, a distance of 24.88 feet; thence S 24°21'58" W, a distance of 25.11 feet; thence S 41°21'56" W, a distance of 31.03 feet; thence S 56°17'25" W, a distance of 16.53 feet; thence S 27°31'46" W, a distance of 26.98 feet; thence S 35°58'10" W, a distance of 20.07 feet; thence S 89°51'21" W, a distance of 6.94 feet; thence S 15°29'53" W, a distance of 10.92 feet; thence S 47°15'30" W, a distance of 79.67 feet; thence S 64°49'00" W, a distance of 44.05 feet to the POINT OF BEGINNING; said described tract containing 0.8 acres, more or less.

PARCEL B:

A portion of Sections 37 and 38, Township 3 North, Range 27 East and a portion of Sections 41 and 42, Township 3 North, Range 28 East, Nassau County, Florida; and being more particularly described as follows: Commence at the line dividing Range 27 East and Range 28 East and the Southeasterly corner of said Section 38 and run South 0°18'09" East along the Easterly of said Section 37 a distance of 741.91 feet to the Point of Beginning. Thence continue S 0°18'09" E along the Easterly line of said Section 38 a distance of 69.57'; thence N 86°11'17" W, a distance of 424.99'; thence S 1°36'36" W, a distance of 160.32'; thence N 86°15'45" W a distance of 422.12' to the

division line of said Sections 37 and 38; thence N 42°42'33" E along said division line of Sections 37 and 38 a distance of 543.05'; thence N 7°50'07" E, a distance of 1007.05'; thence N 7°01'01" E, a distance of 180.84'; thence N 7°08'56" E, a distance of 313.26' to the marshlands of Bells River; thence along the marshlands of Bells River the following described courses thence N 82°31'20" E, a distance of 12.06'; thence N 82°31'20" E, a distance of 67.62'; thence N 86°35'14" E, a distance of 59.73'; thence N 80°30'49" E, a distance of 64.95'; thence N 72°08'42" E, a distance of 40.90'; thence N 76°57'20" E, a distance of 137.91'; thence N 77°31'49" E, a distance of 133.61'; thence N 67°06'52" E, a distance of 156.14'; thence N 58°37'10" E, a distance of 146.73'; thence N 53°13'51" E, a distance of 74.83'; thence N 64°30'11" E, a distance of 99.62'; thence N 56°34'23" E, a distance of 86.53'; thence N 65°52'10" E, a distance of 109.04'; thence N 56°15'15" E, a distance of 77.46'; thence N 53°39'28" E, a distance of 118.72'; thence N 52°40'20" E, a distance of 116.92'; thence N 69°46'46" E, a distance of 23.76'; thence N 46°04'52" E, a distance of 50.29'; thence N 65°06'41" E, a distance of 26.49'; thence S 77°55'41" E, a distance of 18.30'; thence S 16°48'49" E, a distance of 15.09'; thence S 55°20'53" E, a distance of 28.77'; thence N 83°12'28" E, a distance of 24.73'; thence S 55°20'15" E, a distance of 38.98'; thence N 76°54'50" E, a distance of 33.94'; thence S 3°39'41" E, a distance of 25.60'; thence S 23°07'03" E, a distance of 24.98'; thence S 5°26'40" W, a distance of 20.33'; thence S 55°39'08" E, a distance of 8.04'; thence S 12°56'06" E, a distance of 28.25'; thence S 23°38'33" W, a distance of 35.46'; thence S 20°19'29" W, a distance of 59.40'; thence S 25°16'16" W, a distance of 27.41'; thence S 8°37'02" W, a distance of 29.90'; thence S 0°25'56" E, a distance of 72.04'; thence S 22°04'29" E, a distance of 37.00'; thence S 7°59'04" E, a distance of 38.70'; thence S 60°09'29" E, a distance of 24.32'; thence S 5°49'02" W, a distance of 25.67'; thence S 5°18'25" W, a distance of 35.86'; thence S 7°42'56" E, a distance of 28.15'; thence S 11°16'27" W, a distance of 41.33'; thence S 14°02'58" W, a distance of 41.17'; thence S 15°02'41" W, a distance of 31.67'; thence S 35°46'42" W, a distance of 27.06'; thence S 60°21'12" W, a distance of 23.70'; thence S 25°08'49" W, a distance of 11.24'; thence S 32°02'26" E, a distance of 14.69'; thence S 42°26'30" W, a distance of 27.75'; thence S 11°33'17" W, a distance of 25.13'; thence S 21°30'26" E, a distance of 27.28'; thence S 10°36'18" E, a distance of 17.88'; thence S 86°04'47" E, a distance of 21.07'; thence S 62°35'27" E, a distance of 20.23'; thence S 45°55'19" E, a distance of 38.47'; thence S 46°37'11" E, a distance of 55.38'; thence S 63°28'40" E, a distance of 24.59'; thence S 39°42'27" E, a distance of 37.05'; thence S 27°54'48" E, a distance of 42.47'; thence S 2°19'52" W, a distance of 23.03'; thence S 39°36'55" W, a distance of 30.45'; thence S 38°38'36" W, a distance of 21.36'; thence S 38°59'21" W, a distance of 28.93'; thence N 72°49'59" W, a distance of 32.02'; thence N 89°24'03" W, a distance of 38.88'; thence N 89°41'05" W, a distance of 27.40'; thence S 79°18'20" W, a distance of 75.71'; thence S 75°48'28" W, a distance of 41.85'; thence S 59°42'46" W, a distance of 58.63'; thence S 40°28'15" W, a distance of 33.22'; thence S 37°38'52" W, a distance of 31.54'; thence S 35°50'42" W, a distance of 51.69'; thence S 21°54'33" W, a distance of 48.29'; thence S 21°22'04" W, a distance of 21.23'; thence S 11°15'49" E, a distance of 28.29'; thence S 65°19'58" W, a distance of 20.75'; thence S 11°36'55" E, a distance of 8.15'; thence S 0°30'20" W, a distance of 2.89'; thence S 86°23'50" E, a distance of 32.20'; thence S 32°25'11" E, a distance of 26.83'; thence S 30°25'03" E, a distance of 43.26'; thence S 29°55'11" E, a distance of 39.01'; thence S 32°01'55" E, a distance of 35.11'; thence S 49°23'05" E, a distance of 26.03'; thence S 46°36'20" E, a distance of 18.94'; thence S 6°26'33" W, a distance of 15.76'; thence S 15°05'42" E, a distance of 32.34'; thence S 24°33'37"

W, a distance of 32.29'; thence S 9°22'41" W, a distance of 42.51'; thence S 39°35'54" W, a distance of 45.24'; thence S 38°06'28" W, a distance of 52.95'; thence S 22°49'29" W, a distance of 25.22'; thence S 62°00'04" W, a distance of 28.28'; thence S 24°13'59" E, a distance of 19.47'; thence S 82°24'37" E, a distance of 39.05'; thence S 86°10'23" E, a distance of 23.58'; thence S 68°47'00" E, a distance of 45.42'; thence S 78°26'37" E, a distance of 32.62'; thence S 26°54'54" E, a distance of 30.14'; thence S 24°09'47" W, a distance of 27.53'; thence S 78°42'45" E, a distance of 16.01'; thence S 0°12'05" W, a distance of 39.57'; thence S 36°29'11" W, a distance of 35.52'; thence S 49°45'48" E, a distance of 39.34'; thence S 46°20'30" E, a distance of 31.14'; thence S 15°07'18" W, a distance of 29.42'; thence S 15°39'27" W, a distance of 40.67'; thence S 6° 36'22" W, a distance of 31.65'; thence S 22°05'12" W, a distance of 46.99'; thence S 46°16'32" W, a distance of 63.64'; thence S 25°34'50" W, a distance of 22.47'; thence S 11°44'45" E, a distance of 29.33'; thence S 53°27'19" E, a distance of 57.26'; thence S 20°43'56" W, a distance of 38.37'; thence S 77°09'13" W, a distance of 20.52'; thence S 62°47'36" W, a distance of 31.16'; thence S 76°32'03" W, a distance of 48.66'; thence N 76°11'15" W, a distance of 52.94'; thence S 58°58'38" W, a distance of 46.29'; thence N 78°18'09" W, a distance of 50.83'; thence S 75°12'49" W, a distance 36.75'; thence S 18°42'18" E, a distance of 16.09'; thence S 19°54'06" W, a distance of 21.33'; thence S 76°27'00" W, a distance of 33.00'; thence S 81°34'40" W, a distance of 22.41'; thence S 59°29'53" W, a distance of 30.09'; thence S 59°10'16" E, a distance of 96.56'; thence S 74°27'10" W, a distance of 70.92'; thence S 89°36'10" W, a distance of 30.43'; thence N 53°36'30" W, a distance of 26.76'; thence S 70°19'37" W, a distance of 20.49'; thence S 46°09'19" W, a distance of 87.37' to the centerline of a 6' creek; thence along the centerline of said creek the following described lines; thence S 88°16'20" W, a distance of 199.58'; thence N 77°33'21" W, a distance of 143.81'; thence N 73°32'07" W, a distance of 135.11'; thence S 81°39'46" W, a distance of 176.92'; thence South 81°39'46" West a distance of 24.10' to the POINT OF BEGINNING; said described tract containing 72.3 Acres, more or less.