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April 23, 2001

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

BY HAND DELIVERY

Re: Docket No. 001122-WS

Dear Ms. Bayo:

In accordance with the provisions of Sections 367.091(5) and (6), Florida Statutes, and Rule 25-9.005(4), Florida Administrative Code, enclosed for filing on behalf of Florida Water Services Corporation ("Florida Water") are an original and sixteen copies of this Application for Approval of a New Class of Service and accompanying tariff sheets.

BACKGROUND

On August 11, 2000, Florida Water and Spruce Creek South Utilities, Inc. ("Spruce Creek") filed a Joint Application for Transfer of Facilities and Joint Petition for Approval of Ancillary Agreements ("Joint Application and Petition"). Attached to the Joint Application and Petition as Exhibit 3 is a Reclaimed Water Agreement between Florida Water and Del Webb's Spruce Creek Communities, Inc. ("Del Webb").¹ Included at paragraph 7 of the Reclaimed Water Agreement, which is a non-severable part of the Asset Purchase Agreement, is a proposed effluent rate schedule of \$0.05 per 1,000 gallons. Tariff sheets reflecting this proposed reclaimed water rate were included in the Application at Appendix Q-1, pages 36 and 37.

¹The Reclaimed Water Agreement is also found in Exhibit F to the Asset Purchase Agreement among Florida Water, Spruce Creek and Del Webb, which is Exhibit D to the Transfer Application (Application/Petition Exhibit 1).

DOCUMENT NUMBER-DATE

05030 APR 23 01

F-PSC-RECORDS/REPORTING

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Since the reclaimed water facilities were under construction at the time of filing and metered service was not being provided as contemplated by Section 367.091(5), Florida Statutes, the Joint Application and Petition did not request approval of a new class of service for the Reclaimed Water Agreement and the tariff sheets included in Late-Filed Exhibit Q to the Joint Application and Petition. However, since that time and specifically, on April 12, 2001, a meter was installed thereby triggering the need to file this Application under Section 367.091(5), Florida Statutes.

**FILING REQUIREMENTS FOR NEW CLASS OF SERVICE UNDER
RULE 25-9.005(4), F.A.C. - - SPRUCE CREEK GOLF AND COUNTY CLUB REUSE**

On June 29, 2000, Florida Water and Del Webb entered into the Reclaimed Water Agreement to provide reclaimed water service for irrigation purposes. The Agreement is in concert with and part of the purchase of the Spruce Creek water and wastewater systems from Del Webb by Florida Water. The terms of the Reclaimed Water Agreement state that reclaimed water service will be provided at the rate of \$.05 per 1,000 gallons. The Agreement is imperative given the fact that the effluent spray fields were only available for six months following the purchase date and are no longer available as a source for effluent disposal.

At the current time the only customer taking effluent is Del Webb. Del Webb will take all of the effluent which is anticipated to be 100,000 gallons of reclaimed water per day. The anticipated usage by Del Webb equates to \$5.00 per day of revenue based on the contractually agreed upon rate of \$0.05 per thousand gallons. It is anticipated that Del Webb will use 36,500,000 gallons of reclaimed water on an annual basis producing \$1,825 dollars of annual revenue.

**JUSTIFICATION FOR SPRUCE CREEK GOLF AND
COUNTRY CLUB EFFLUENT RATE**

Spruce Creek Golf and Country Club is located in the St. John's River Water Management District and therefore is in a Water Use Caution Area. The water management district strongly encourages the use of irrigation with reclaimed water whenever possible to offset ground water withdrawals. Florida Water Services acquired the water and wastewater service areas for Spruce Creek on June 29th, 2000. As part of the Asset Purchase Agreement, Florida Water negotiated and entered into the Reclaimed Water Agreement with Del Webb to provide reclaimed water for golf course and common area irrigation at the negotiated rate of \$0.05 per thousand gallons. This \$0.05 per thousand gallon rate is a mutually beneficial negotiated contractual rate between Florida Water and Del Webb. This is not a potable water replacement rate but rather an offset to well withdrawals by Del Webb for golf course irrigation. Florida Water benefits by securing an effluent disposal source and Del Webb and the entire Spruce Creek community benefit by offsetting groundwater withdrawal with an alternative source of water for irrigation. Without the reclaimed water agreement Florida Water would have to secure some other source of effluent disposal which could be very

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costly.

Tariff sheets included in Late-Filed Exhibit Q to the original filing are filed again herewith without the effective date pursuant to the instructions of Patricia Brady of the Commission staff.

Please acknowledge receipt of these documents by date-stamping the enclosed copy of this letter and returning it to the undersigned.

Sincerely,



Kenneth A. Hoffman

KAH/rl

Enclosures

cc: Karen Walker, Esq., with enclosures
Ms. Patricia Brady, with enclosures
Mr. Forrest L. Ludsen, with enclosure
Mr. Tony Isaacs, with enclosure
J. Stephen Menton, Esq., with enclosures

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**RATE SCHEDULE: SPRUCE CREEK - EF
EFFLUENT SERVICE**

AVAILABILITY:

Available throughout the area served by the following plant:

<u>Plant</u>	<u>County</u>	<u>Previous Sheet No.</u>	<u>Previous Effective Date</u>	<u>Previous Order No.</u>
SPRUCE CREEK	MARION/SUMTER	N/A	N/A	N/A

APPLICABILITY:

To Spruce Creek Country Club by contract for reclaimed water.

LIMITATIONS:

Subject to all of the Company's Rules and Regulations of this tariff, all applicable service agreement conditions, and all applicable riders.

All the rates, conditions and regulations referred to herein are subject to approval, amendment and change by any regulatory body having jurisdiction thereof.

TERMS OF PAYMENT:

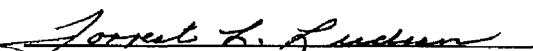
Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the Customer separate and apart from any other bill, service may then be discontinued.

TYPE OF FILING:

Filing Description: Application for Certificate Transfer
Rate Description: Rates per Reclaimed Water Agreement
Filing Date:
Authority No.: Refer to stamp on reverse side
Docket No.:
Order No.:
Order Date:

NOTES:

Effective Date:

By: 
Forrest L. Ludsen, Senior Vice President
Rates & Regulatory Affairs

**RATE SCHEDULE: SPRUCE CREEK - EF
EFFLUENT SERVICE**

BILLING PERIOD:

Monthly billing cycle.

RATE:

Base Facility Charge:

<u>Meter Size</u>	<u>Charge Per Billing Period</u>
All	\$0.00

Gallonage Charge:

All Gallonage \$0.05 per 1,000 gallons

Minimum Charge:

Not Applicable

Utility Tax Rider:

Not Applicable

OTHER CHARGES:

Allowance For Funds Prudently Invested (AFPI) Charges	See Section VI
Customer Deposits	See Section VII
Miscellaneous Service Charges	See Section VII
Service Availability Charges	See Section VI

Effective Date:

By: Forrest L. Ludsen
Forrest L. Ludsen, Senior Vice President
Rates & Regulatory Affairs