

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

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21 SEP -6 AM 11:00
COMMISSION CLERK

DATE: SEPTEMBER 6, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF LEGAL SERVICES (CIBULA) *SMC*
DIVISION OF REGULATORY OVERSIGHT (CLAPP) *BBM*

RE: DOCKET NO. 981079-SU - APPLICATION FOR AMENDMENT OF
CERTIFICATE NO. 104-S TO EXTEND SERVICE TERRITORY IN PASCO
COUNTY BY HUDSON UTILITIES, INC., AND REQUEST FOR LIMITED
PROCEEDING.
COUNTY: PASCO

AGENDA: 09/18/01 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\981079.RCM

CASE BACKGROUND

Hudson Utilities, Inc. (Hudson or utility) is a Class B utility serving approximately 1,468 residential and 87 commercial customers. The utility provides wastewater collection service to its customers and contracts with Pasco County (County) for wastewater treatment service pursuant to a Bulk Wastewater Treatment Agreement (Agreement).

On August 26, 1998, Hudson filed an application for amendment of Certificate No. 104-S to extend its service area. The application included a request to serve a portion of territory, known as Signal Cove, that was being served by the County.

Signal Cove is adjacent to the southern boundary of a portion of territory served by Hudson. The community includes 382 existing

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buildings, 131 of which are currently receiving wastewater service from the County. The remaining buildings in the community use septic tanks. Signal Cove is located in an area which has been federally designated as a flood plain area unsuitable for the efficient use of septic tanks and drain fields. The comprehensive land use plan adopted by the County calls for coastal areas, including Signal Cove, to be provided with sanitary sewer collection and treatment systems. However, the County generally does not construct gravity sewer collection systems. Thus, pursuant to an Addendum to the Agreement included in the application, the County and Hudson agreed that the Signal Cove territory would be transferred from the County to Hudson.

To serve Signal Cove, Hudson must construct an additional collection system and force main. Pursuant to the Agreement, the transfer of the Signal Cove territory will close when Hudson connects its force main to the County's wastewater collection system currently serving the 131 Signal Cove customers.

By Order No. PSC-99-1916-PAA-SU, issued September 27, 1999, in this docket, which was made final and effective by Order No. PSC-99-2082-CO-SU, issued on October 21, 1999, the Commission approved Hudson's application to amend its certificate, including the transfer of the Signal Cove territory from the County to Hudson. Pursuant to Order No. PSC-99-1916-PAA-SU, Hudson was ordered to file proof of the transfer of the Signal Cove territory from the County to Hudson within three months from the issuance date of the order.

On December 9, 1999, Hudson filed a Motion for Extension of Time to File Proof of Transfer of Territory. By Order No. PSC-00-0212-FOF-SU, issued February 2, 2000, the Commission granted the utility's motion and allowed the utility an additional six months, until June 27, 2000, to file proof of the transfer of the Signal Cove territory from the County to Hudson.

On June 27, 2000, Hudson filed a Motion for Second Extension of Time to File Proof of Transfer of Territory. In support of its motion, the utility stated that it needed additional time to file the proof of the territory transfer because it was having problems obtaining acceptable financing for the construction work needed to extend its service to Signal Cove. By Order No. PSC-00-1512-PCO-SU, issued August 21, 2000, the Commission granted the motion and

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allowed the utility until June 30, 2001, to file proof of the transfer.

On June 29, 2001, Hudson filed its Motion for Third Extension of Time to File Proof of Transfer of Territory. This recommendation addresses whether the Commission should grant Hudson's motion.

The Commission has jurisdiction pursuant to Sections 367.071 and 367.045, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Hudson Utilities, Inc.'s Motion for Third Extension of Time to File Proof of Transfer of Territory?

RECOMMENDATION: Yes, the Commission should grant Hudson Utilities, Inc.'s Motion for Third Extension of Time to File Proof of Transfer of Territory. As requested in its motion, the utility should be allowed until June 30, 2002, to file proof of the transfer of the Signal Cove territory from Pasco County to Hudson Utilities, Inc. (CIBULA, CLAPP)

STAFF ANALYSIS: As stated in the case background, on June 29, 2001, Hudson filed a Motion for Third Extension of Time to File Proof of Transfer of Territory. In support of its motion, Hudson states that the utility and its commercial lender have determined that Hudson's current service availability charge of \$1,000 is insufficient to enable it to recover its current costs of construction and to obtain acceptable commercial financing for new construction of facilities, including the additional facilities for Signal Cove. Hudson states that its analysis is based on the costs of construction of the facilities completed in its most recent expansion of its system in May 1997. Hudson states that for this reason, the utility intends to file a petition for an increase in its service availability charge.

Hudson states that, in light of the foregoing, it needs additional time to continue with its plans to construct the necessary facilities to file the proof of the transfer of the facilities from the County. Hudson requests that the Commission extend the date by which the utility must file the proof of the transfer to June 30, 2002, to allow it time to seek an increase in its service availability charge, to secure acceptable financing, and to complete the necessary construction of the facilities.

Staff contacted the County and the County Department of Health to determine if they have any concerns in regard to Hudson's request for extension of time. The County stated that it does not oppose Hudson requesting and being granted an extension; however, it would not be in favor of any additional extensions. The County Department of Health stated that they would like the connection of the buildings currently using septic tanks to the utility's wastewater system to take place at the earliest possible date.

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Staff also contacted Hudson to determine exactly when it would be filing its application for a change in its service availability charge. Hudson stated that it would file its application by September 30, 2001.

Staff recommends that Hudson's motion should be granted. Staff notes that there are no customers in the territory at issue who are without wastewater service as the County is currently providing service or they are receiving service by way of septic tanks. As requested in its motion, the utility should be allowed until June 30, 2002, to file proof of the transfer of the Signal Cove territory from the County to Hudson.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open to allow staff to verify that Hudson Utilities, Inc., has filed proof of the transfer of the Signal Cove territory from Pasco County to the utility. Once staff has verified this information, this docket should be closed administratively. (CIBULA, CLAPP)

STAFF ANALYSIS: This docket should remain open to allow staff to verify that Hudson has filed proof of the transfer of the Signal Cove territory from the County to the utility. Once staff has verified this information, this docket should be closed administratively.