

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Citizens of the State of Florida )  
Petition to initiate Show Cause )  
Proceedings against Hudson Utilities, Inc. )  
for Failure to Provide Service )

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Docket No. 020253-50  
Filed: March 19, 2002

**PETITION TO INITIATE SHOW CAUSE PROCEEDINGS  
AGAINST HUDSON UTILITIES, INC.**

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to Rule 28-106.201, Florida Administrative Code, petition the Commission to initiate show cause proceedings against Hudson Utilities, Inc. The Citizens allege the following:

1. The name and address of the agency affected by this petition is: Florida Public Service Commission, Capital Circle Office Center, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

2. Petitioners are the Citizens of the State of Florida, represented by the Office of Public Counsel. The name, address and telephone numbers of petitioner are as follows: Jack Shreve, Public Counsel, Stephen M. Presnell, Associate Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, Telephone: 850.488.9330. Petitioners received a copy of Hudson Utilities, Inc.'s (Hudson) petition to amend its certificate on or about August 27, 1998 from the FPSC, other documents were received from the FPSC at various dates, or were downloaded from its web site on or about February 26, 2002.

DOCUMENT NUMBER-DATE

03177 MAR 19 2002

FPSC-COMMISSION CLERK

3. The name and address of the utility affected by this petition is: Hudson Utilities, Inc., 14334 Old Dixie Highway, Hudson, Florida 34667.

4. The Public Counsel is appointed to appear on behalf of the State or its Citizens in matters under the jurisdiction of the Public Service Commission pursuant to Section 350.0611, Florida Statutes (2001). This section provides that it shall be the duty of the Public Counsel to provide legal representation for the people of this state in proceedings before the Commission. It specifically provides the Public Counsel the power to recommend to the Commission, by petition, the commencement of any proceeding or action.

5. In this petition, the Office of Public Counsel represents citizens within the service territory of Hudson who are substantially and adversely affected by the failure of Hudson to provide wastewater service within a reasonable time in the additional service territory approved by the Florida Public Service Commission (Commission) on September 27, 1999 in Order No. PSC-99-1916-PAA-SU, Docket No. 981079-SU (a portion of which is attached as Exhibit A). The citizens who live within Hudson's approved service area have no choice between providers of wastewater services. Hudson is the exclusive provider of wastewater service within the territory identified in its certificate of authorization.

6. On August 27, 1998, Hudson filed a petition to amend its certificate to expand its service area. (Docket No. 981079-SU (attached Exhibit B)). Hudson stated "Together with above technical ability and the current approved rate structure, Hudson Utilities, Inc., has the technical and financial ability to render reasonably sufficient, adequate and efficient service to its customers" (Exhibit B -- Hudson Petition, Exhibit K).

The Commission approved Hudson's petition on September 27, 1999. The docket remained open to allow Staff to verify proof of transfer of territory (Signal Cove subdivision) from Pasco County to Hudson. (PSC-99-1916-PAA-SU).

7. Under Florida law Hudson is required to "provide service to the area described in its certificate of authorization within a reasonable time" (Section 367.111(1), Florida Statutes (2001)). This section further provides that the certificate of authorization may be amended or revoked, "whether or not there has been a demand for such service, within 5 years after the date of authorization for service to such part... " Amendment or revocation of authorization is not the exclusive remedy for failure to provide service. Section 367.161(1), Florida Statutes (2001), provides that if any utility "knowingly refuses to comply with, or willfully violates, any provision of this chapter or any lawful rule or order of the commission, such utility shall incur a penalty for each such offense of not more than \$5,000 ... Each day that such refusal or violation continues constitutes a separate offense." Section 367.161(2), Florida Statutes (2001), provides for a daily penalty of "not more than \$5,000 ... or the commission may, for any such violation, amend, suspend, or revoke any certificate of authorization issued by it."

8. Conditions within much of the area Hudson requested to serve are not appropriate for efficient use of septic tanks and drain fields. The area "includes a four to five square mile area ... The majority of Hudson's existing and proposed service territory is located in an area 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 as required by the Department of Community Affairs states that coastal areas be

provided with sanitary sewer collection and treatment systems" (PSC-99-1916-PAA-SU, p. 4, Docket No. 981079-SU).

9. Hudson has been granted three extensions of time to file proof of transfer of territory from Pasco County: 1st, February 1, 2000, PSC-00-0212-FOF-SU (attached Exhibit C); 2nd, August 21, 2000, PSC-00-1512-PCO-SU (attached Exhibit D); and 3rd, October 8, 2001, PSC-01-1993-PCO-SU (attached Exhibit E).

10. Notwithstanding Hudson's statement in its petition (filed on August 27, 1998) that it had the technical and financial ability to provide "reasonably sufficient, adequate and efficient service" (Exhibit B -- Hudson Petition, Exhibit K), the Commission stated, when granting Hudson's second motion for extension, that "In support of its motion, Hudson states that a series of increases in interest rates since February 2000 have prevented the utility from concluding negotiations for acceptable commercial financing for the construction work needed to extend its service to Signal Cove" (PSC-00-1512-PCO-SU, p. 2).

11. In its approval of Hudson's third motion for extension (PSC-01-1993-PCO-SU), the Commission stated that "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...Hudson states that for this reason, the utility intends to file a petition for an increase in its service availability charge" (p. 2). The Commission "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" (p. 3). The Commission "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 it 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" (p. 3).

12. As of March 18, 2002, Hudson has failed to file its application for a change in its service availability charge. Hudson is (or should be) well aware of its financial condition and the costs required to provide service within its service area. Hudson is also aware of its obligation to provide service to citizens living within the expanded service territory. However, since September 27, 1999, the date of the Commission's Order (PSC-99-1916-PAA-SU) approving Hudson's application for additional territory, Hudson has apparently failed to make satisfactory financial arrangements for funding the necessary construction to provide service to Signal Cove or any of the other portions of the expansion service area (an area of approximately four or five square miles).

13. In its Annual Report for the year ended December 31, 2000, filed May 31, 2001 (a portion of which is attached as Exhibit F), Hudson stated that it "expects to add approximately 100 new connections annually and with additional financing to complete the expansion of the collection system within the certificated area" (Company Profile, p. E-4). Hudson reported additions to its gravity collection sewers of a mere \$17,082. (Wastewater Utility Plant Accounts, p. S-4 (a)). Hudson reported 56 connections at

\$1,000 each for an increase in CIAC of \$56,000. (Wastewater CIAC Schedule "A", p. S-8 (a)).

14. Hudson has been requested by some of the citizens living in the expanded service area to provide service. Hudson is aware that some of the homes have experienced septic tank and drain field failures. Such failures can be expected to continue. This area is mostly within a federally designated flood plain. The excessive delay in providing service to this area is intolerable. Hudson's failure to provide service is a violation of the laws of the State of Florida, and may create a risk to the health of the citizens, harm to the environment, and diminution of property values. Hudson's behavior in this situation is inexcusable, and creates great harm to the citizens who need to connect to the sewer system.

15. From September 27, 1999, the date of Commission Order PSC-99-1916-PAA-SU, Hudson was the exclusive authorized provider for wastewater service within the expanded service territory. By virtue of this order Hudson was required (pursuant to Section 367.111(1), Florida Statutes (2001)), to provide service "within a reasonable time." This statutory requirement is applicable even in the absence of a specific reference in the Commission's Order. Hudson's utter failure to make the necessary additions to its collection system is a knowing and willful violation of the statute and Order. Hudson's failure has continued for a period of about two and a half years (2.5 years). Hudson's failure to provide service is unreasonable and in violation of Florida law and Order of the Commission, subjecting them to the penalties provided in Section 367.161, Florida Statutes (2001).

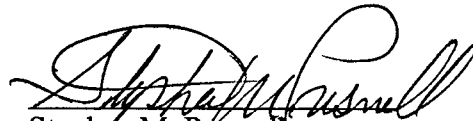
16. At this time Petitioner is not aware of any disputed issues of material fact. The ultimate fact is that Hudson has the obligation under Florida law and Order of the Commission to provide service within its service area within a reasonable time and that it has failed to do so.

17. The Commission should initiate Show Cause Proceedings against Hudson Utilities, Inc. for failure to provide service.

WHEREFORE the Citizens of the State of Florida, through the Office of Public Counsel, request the Commission to initiate a Show Cause Proceeding against Hudson Utilities, Inc., requiring Hudson to provide service at the earliest possible date and to impose a monetary penalty, not to exceed \$5,000 per day, beginning as of September 27, 1999, for failure to provide service in its expanded service area within a reasonable time, and for such other relief as may be just and equitable.

Respectfully submitted,

Jack Shreve  
Public Counsel




Stephen M. Presnell  
Associate Public Counsel

Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400  
Telephone 850.488.9330

Attorneys for the Citizens  
of the State of Florida

CERTIFICATE OF SERVICE

I HEREBY certify that a copy of the foregoing PETITION TO INITIATE SHOW CAUSE PROCEEDINGS AGAINST HUDSON UTILITIES, INC. has been served by hand delivery to Samantha Cibula, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 on this 19th day of March, 2002.

  
Stephen M. Presnell  
Associate Public Counsel





BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for amendment  
of Certificate No. 104-S to  
extend service territory in  
Pasco County by Hudson  
Utilities, Inc., and request for  
limited proceeding.

DOCKET NO. 981079-SU  
ORDER NO. PSC-99-1916-PAA-SU  
ISSUED: September 27, 1999

The following Commissioners participated in the disposition  
of this matter:

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
JULIA L. JOHNSON  
E. LEON JACOBS, JR.

ORDER AMENDING CERTIFICATE TO INCLUDE  
ADDITIONAL TERRITORY, DECLINING TO INITIATE A SHOW  
CAUSE PROCEEDING, AND APPROVING TRANSFER OF SERVICE  
TERRITORY  
AND  
NOTICE OF PROPOSED AGENCY ACTION  
ORDER DECLINING TO ESTABLISH RATE BASE OR CALCULATE  
AN ACQUISITION ADJUSTMENT, GRANTING THE LIMITED  
PROCEEDING, AND APPROVING RATES AND CHARGES  
FOR THE SIGNAL COVE CUSTOMERS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the actions regarding our decision not to establish rate base and not to calculate an acquisition adjustment and approving the rates and charges for the Signal Cove customers, as set forth herein, are 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 August 26, 1998, Hudson Utilities, Inc. (Hudson or utility) filed an application for amendment of Certificate No.

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104-S to include additional territory in Pasco County. Hudson, which is a Class B utility, was granted Certificate No. 104-S on June 19, 1973. 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) entered into on June 5, 1990. Hudson serves approximately 1,468 residential and 87 commercial customers.

Hudson is requesting to extend service to 396 customers outside of its certificated territory, which the utility is already serving, and to prospective customers adjacent to its service area. Hudson is also requesting to transfer certain territory within the County's jurisdiction through an Addendum to the Agreement with the County.

On November 6, 1998, Hudson submitted a request for a limited proceeding, which was added to this docket. The limited proceeding was filed to address a difference in rates applied to those customers currently served by the County and the remaining areas included in the amendment application.

NO SHOW CAUSE REQUIRED

As previously noted, Hudson is serving 396 customers outside of its certificated territory. Section 367.045(2), Florida Statutes, states, "A utility may not . . . extend its service outside the area described in its certificate of authorization until it has obtained an amended certificate of authorization from the [C]ommission."

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In serving outside of its certificated territory without obtaining an amended certificate of authorization, the utility's action was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating to Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful'

implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although Hudson's failure to obtain an amended certificate of authorization prior to serving outside of its certificated area is an apparent violation of Section 367.045(2), Florida Statutes, according to its application, the utility erroneously believed that the 396 customers were included in its service area and paid all the necessary regulatory fees for serving the area. Furthermore, by its application, the utility now seeks to add this territory to its service area.

Based on the foregoing, we do not find that the apparent violation of Section 367.045, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. Therefore, Hudson shall not be required to show cause for failure to obtain an amended certificate of authorization prior to serving outside of its certificated territory.

#### APPLICATION

Except as discussed previously, the application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. The application contains a filing fee in the amount of \$1,750, pursuant to Rule 25-30.020, Florida Administrative Code.

Rule 25-30.036(3)(d), Florida Administrative Code, requires a utility to provide evidence that it owns or has continued use of the land upon which its facilities are located. The utility's wastewater collection system is constructed in platted road right-of-ways and easements, which provide for continued use of the land upon which the facilities are located. Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(3)(e), (f) and (i), Florida Administrative Code.

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. On September 24, 1998, a customer timely filed a letter objecting to the application "due to lack of information." Our staff responded to the letter on October 26, 1998. On August 3, 1999, our staff also contacted the customer by telephone and confirmed that she did not wish to pursue her objection and did not request a formal proceeding.

Also in response to the notice, on December 28, 1998, seven Krag Drive residents submitted a petition in which they objected to being required to connect to a wastewater system while their septic tanks seemed to be functioning properly. Our staff telephoned most of the residents, and on January 14, 1999, mailed letters to all of the residents in response to their concerns. The letters informed the residents that the mandatory hook up policy is a County requirement and any objection to the policy should be addressed to the County. The residents were asked to contact our staff by February 8, 1999, if they wished to pursue a formal hearing. None of the residents contacted our staff within the time period specified, and none indicated that they wished to commence a formal proceeding. No additional objections to the application have been received, and the time for filing such has expired.

According to information filed with the application, Hudson has the financial and technical ability to provide wastewater collection service to the additional territory. In addition, according to the Department of Environmental Protection, there are no outstanding notices of violation against the utility.

Part of the territory Hudson has requested to serve includes a four to five square mile area adjoining the northern and northeastern boundaries of Hudson's existing service area, which is not included in the certificate territory of any other utility and is not within the County's service area. Hudson has also requested to serve an area between and contiguous to the southern boundary of its existing service territory, which includes the 396 customers that Hudson already serves, and an area known as Signal Cove.

The majority of Hudson's existing and proposed service territory is located in an area 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 as required by the Department of Community Affairs states that coastal areas be provided with sanitary sewer collection and treatment systems. The County owns and operates regional wastewater treatment and disposal facilities, but generally does not provide wastewater collection service. Consequently, in order to accommodate expected population growth in the areas proposed to be added to Hudson's existing territory, Hudson and the County have extended the term of the Agreement to ten years, from 2015 to 2025.

According to Hudson, the proposed extension is not expected to impact its monthly rates and service availability charges. Hudson's rates and charges were established most recently by Order No. 23810, issued November 27, 1990, in Docket No. 900293-SU. The rates were amended by Order No. PSC-98-0316-AS-SU, issued February 23, 1998, in Docket No. 980076-SU. In addition, the rates were modified effective March 29, 1999, pursuant to a 1998 price index and pass-through rate adjustment. Hudson shall charge the customers in the territories added herein the rates and charges approved in its tariff until authorized to change by the Commission in a subsequent proceeding.

Based on the foregoing, we find the amendment of Certificate No. 104-S to be in the public interest, and it is approved. Hudson returned Certificate No. 104-S for entry reflecting the additional territory.

#### TRANSFER OF TERRITORY FROM THE COUNTY

Hudson's application included a request for approval to amend its territory to include territory within the County's jurisdiction. Upon review of the information, it was determined that the amendment should be treated as a transfer since some of the residences in the area known as the Signal Cove subdivision currently receive wastewater service from the County.

Signal Cove is adjacent to the southern boundary of a portion of territory Hudson has requested to serve. Signal Cove is a planned community consisting of approximately 400 single-family homes, mobile homes and commercial properties. The community includes 382 existing buildings, of which 131 are wastewater customers of the County.

Over the past ten years the County has indicated to Hudson and others that it is not in the business of constructing gravity sewer collections systems within the County. The estimated construction costs to various subdivisions that have requested service by the County have been approximately three to four times that proposed by private utility companies. Therefore, after joint meetings with the County and a representative of Hudson, the Signal Cove Homeowners Association requested that the County

allow Hudson to serve them. The County approved the request.

The agreed upon estimated purchase price for the existing Signal Cove gravity sewer collection, pumping station and force main system serving the 131 customers is \$105,000. A formal sales agreement has not been executed. An Addendum to the Agreement is the only contract entered into between Hudson and the County for the Signal Cove area. The Agreement allows payment for the purchase to be made over a period of 25 years. Payments are to be made based upon \$1.00 per 1,000 gallons of wastewater submitted for treatment from the 131 Signal Cove customers currently served by the County. These payments are not to be made from surcharges on the 131 customers, but instead are to be paid from Hudson's earnings.

According to the utility, the existing system being sold to Hudson is in good condition with regard to materials and alignment. However, the lines have several leaks at service joints due to the type of material used during installation of the vitrified clay pipe. Contractor cost estimates of approximately \$50,000 for these repairs were a part of the consideration in negotiating the Addendum. The cost of the repairs should have no effect on the rates for Hudson's current customers.

As stated previously, it appears that Hudson has the financial and technical ability to provide quality service to the additional territory. Furthermore, the addition of the Signal Cove area is not expected to impact the utility's monthly rates and service availability charges, and Hudson's current lender has indicated its willingness to continue its existing financing for the additional service territories.

Based on the foregoing, we find that the transfer of the Signal Cove territory from the County to Hudson is in the public interest, and it is approved. Hudson shall file proof of closing of the transfer within three months from the issuance date of this Order. The territory being transferred is shown on Attachment A of this Order, which by reference is incorporated herein. Hudson's existing territory and the territory added herein is shown on Attachment B of this Order, which by reference is incorporated herein.

#### RATE BASE

No net book valuation of the acquired assets was proposed by

Hudson in its application. The territory being transferred, Signal Cove, is currently served by the County, which is not subject to our jurisdiction. Thus, the County is not required to keep its books in compliance with the NARUC Uniform System of Accounts.

Hudson and the County arrived at an oral estimate of the purchase price for the existing Signal Cove facilities, which is \$105,000. The only contract entered into between Hudson and the County for this transfer is the Addendum to the Agreement.

Based on the foregoing, rate base as of the time of transfer cannot be established in this proceeding. It is noted that the utility has the burden to justify the rate base for the Signal Cove facilities in any subsequent rate proceeding.

#### ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the original cost calculation adjusted to the time of the transfer. Because rate base for the utility cannot be established in this proceeding, no acquisition adjustment shall be approved.

#### RATES AND CHARGES FOR THE SIGNAL COVE CUSTOMERS

On November 6, 1998, Hudson filed a request for a limited proceeding, pursuant to Section 367.0822, Florida Statutes, for the 131 Signal Cove customers transferred from the County. The filing included a check in the amount of \$200, pursuant to Rule 25-30.020(2)(g), Florida Administrative Code.

The transfer of the Signal Cove territory results in different rate provisions. In order to understand the rates, we will first discuss how the County has developed its rates for wastewater treatment service to other utilities and to Hudson.

The County has been experiencing growth into areas that were formerly more rural or agricultural in nature and served by smaller private utility systems. As the County's population expanded, its utility has also expanded with the construction of large, regional wastewater treatment plants. Many of the older private systems have interconnected with the County under bulk wastewater treatment agreements. Under Hudson and the County's Agreement, rather than requiring an impact fee from the customers



of the regulated systems, the County has instituted a capital recovery charge of \$1.00 per 1,000 gallons of flow, which is added onto the utility's gallonage charge as a surcharge. This surcharge is currently included in the gallonage charge approved by this Commission for Hudson's customers.

The Addendum provides for an extension of the original Agreement for another 10 years, making the total period of time of the Agreement 35 years from the June 5, 1990 effective date. According to the Addendum, any customer paying the \$1.00 capital recovery charge under the contract would stop paying it at the end of 25 years. Hudson is to provide the County with at least an annual report identifying those customers who have paid for a period of 25 years. In addition, any new development within Hudson's service area will pay a prorated up-front impact fee to the County at the time a building permit is issued if there is less than 25 years left under the Agreement. This implies that the surcharge will not be collected from any of Hudson's customers after June 4, 2025.

The Addendum also details the methodology for Hudson to compensate the County for the facilities being purchased by Hudson in the Signal Cove subdivision. The County will bill Hudson \$1.00 per 1,000 gallons of wastewater flow generated by the 131 customers being transferred from the County. These flows are measured by calculating 80 percent of the water consumption billed by the County to estimate the wastewater generated. The customers will not be charged the \$1.00 surcharge for the flow. Hudson will pay the billed amount as part of its general operating expenses. This amount billed over 25 years will result in the County being compensated for the facilities purchased. This method results in an estimated purchase price of \$105,000. The actual amount paid will be based upon the flows billed.

The Addendum results in the following rates for Hudson:

131 Signal Cove Customers

Base Facility Charge	\$ 15.08
Gallonage Charge Per 1,000 Gallons	\$ 3.95
Service Availability Charge	None

Unserved Signal Cove Customers (New),  
Amended Hudson Areas, Existing Hudson Customers,  
and New Development After June 5, 2000

Base Facility Charge	\$ 15.08
Gallonge Charge Per 1,000 Gallons	\$ 4.95
Service Availability Charge	\$1,000.00

Because the \$1.00 surcharge was incorporated into the gallonge charge specifically for payment of the delayed impact fees for the County's wastewater treatment system, this charge is not necessary for the 131 Signal Cove customers who have already paid the impact fee. Therefore, Hudson's request for a limited proceeding is granted, and we find the rates set forth herein to be reasonable, and they are approved. Hudson shall charge these rates and charges to the Signal Cove customers until authorized to change by the Commission in a subsequent proceeding. The tariff shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice.

This docket shall remain open for an additional three months from the issuance date of this Order to allow our staff to verify that Hudson has filed proof of the territory transfer. If no timely protests are received, upon expiration of the protest period, this Order shall become final and effective upon the issuance of a Consummating Order. Upon receipt of proof of the transfer, the docket shall be closed administratively.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the amendment of Certificate No. 104-S, held by Hudson Utilities, Inc., 14334 Old Dixie Highway, Hudson, Florida 34667, is hereby approved. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the attachments are incorporated herein by reference. It is further

ORDERED that Hudson Utilities, Inc., shall charge the customers in the territory added herein the rates and charges approved in its tariff until authorized to change by the

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Commission in a subsequent proceeding. The tariff shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that a show cause proceeding shall not be initiated against Hudson Utilities, Inc., for its apparent violation of Section 367.045(2), Florida Statutes. It is further

ORDERED that the request for transfer of the Signal Cove territory, from Pasco County to Hudson Utilities, Inc., is hereby approved. It is further

ORDERED Hudson Utilities, Inc., shall file proof of the transfer of territory from Pasco County to Hudson Utilities, Inc., within three months from the issuance date of this Order. It is further

ORDERED that rate base for the Signal Cove facilities shall not be established at this time. It is further

ORDERED that an acquisition adjustment shall not be calculated in this docket. It is further

ORDERED that Hudson Utilities, Inc.'s request for a limited proceeding is granted and the rates and charges for the Signal Cove customers, as set forth herein, are hereby approved. Hudson Utilities, Inc. shall charge these rates and charges until authorized to change by the Commission in a subsequent proceeding. It is further

ORDERED that the tariff reflecting the rates and charges approved herein for the Signal Cove customers shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. 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

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ORDERED that this docket shall remain open for an additional three months from the issuance date of this Order to allow Commission staff to verify that Hudson Utilities, Inc., has filed proof of the territory transfer. Upon receipt of proof that the transfer has occurred, and if no protests have been received, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 27th day of September, 1999.

/s/ Blanca S. Bayó  
BLANCA S. BAYÓ, Director  
Division of Records and Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-850-413-6770.

( S E A L )

SMC/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 actions regarding our decision not to establish rate base and not to calculate an acquisition adjustment and establishing rates and charges for the Signal Cove customers are 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 18, 1999. 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



OPC

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Amendment )  
of Certificate Number 104-S in Pasco )  
County by Hudson Utilities, Inc. )  
\_\_\_\_\_ )

Docket No. 981079-SU

Filed: August 26, 1998

**HUDSON UTILITIES, INC.'S  
PETITION FOR APPROVAL OF APPLICATION  
FOR AMENDMENT OF CERTIFICATE NO. 104-S**

Hudson Utilities, Inc. ("Hudson"), by and through its undersigned attorneys, and pursuant to Section 367.045(2), Florida Statutes and Rules 25-30.030, 25-30.032, and 25-30.036(3), Florida Administrative Code, hereby requests the Florida Public Service Commission ("Commission") to amend Certificate No. 104-S to extend Hudson's service territory in Pasco County to include: (a) the Signal Cove subdivision and a contiguous area adjoining the southern boundary of Hudson's existing service territory; and (b) approximately four to five square miles of primarily unserved territory adjoining the northern and northeastern boundaries of Hudson's existing service territory.

In support of this Petition and Application, Hudson states as follows:

1. All notices, pleadings and orders should be directed to:

Kenneth A. Hoffman, Esq.  
John R. Ellis, Esq.  
Rutledge, Ecenia, Underwood, Purnell  
& Hoffman, P.A.  
P. O. Box 551  
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(850) 681-6788 (Telephone)  
(805) 681-6515 (Telecopier)

Mathew S. Griffin  
Hudson Utilities, Inc.  
14334 Old Dixie Highway  
Hudson, Florida 34667  
(813) 863-0205 (Telephone)  
(813) 869-5913 (Telecopier)

**RECEIVED**

AUG 27 1998

Office Of  
Public Counsel

DOCUMENT NUMBER-DATE

09319 AUG 26 98

FPSC-RECORDS/REPORTING

EXHIBIT "B"

2. Hudson's complete name and address are as follows:

Hudson Utilities, Inc.  
14334 Old Dixie Highway  
Hudson, Florida 34667

3. Hudson is a Class B wastewater utility providing service to the public in Pasco County, Florida pursuant to Certificate No. 104-S.<sup>1</sup> Hudson provides wastewater collection service to its customers, and contracts with Pasco County for wastewater treatment service pursuant to a Bulk Wastewater Treatment Agreement entered into on June 5, 1990.<sup>2</sup>

4. On April 28, 1998, Hudson and Pasco County entered into an Addendum to the Bulk Wastewater Treatment Agreement providing for the transfer to Hudson of 131 existing Pasco County wastewater customers in the Signal Cove subdivision along the southern boundary of Hudson's existing service territory. A copy of the Addendum is submitted as part of Exhibit A to Hudson's Application, which is incorporated herein by reference.

5. The Addendum to the Bulk Wastewater Treatment Agreement transfers ownership of Pasco County's facilities and public easements utilized to provide service to the Signal Cove area to Hudson, and amends Hudson's service area as between it and Pasco County to include the Signal Cove area. The Signal Cove area is planned to consist of approximately 400 single family homes, mobile homes, and commercial properties, and includes 382 existing buildings, as stated in Exhibit A to the Application.

6. Pursuant to the Bulk Wastewater Treatment Agreement, Hudson's existing and

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<sup>1</sup>Order No. 5781 issued June 19, 1973, in Docket No. C-72696-S.

<sup>2</sup>The Agreement is referenced in Order No. 23846, issued December 10, 1990 in Docket No. 900020-SU, at 90 F.P.S.C. 12:117, 118.

approved tariff includes a surcharge of \$1.00 per 1,000 gallons as part of its gallonage charge. The \$1.00 per thousand gallons is a charge collected by Hudson and remitted to Pasco County to allow the County to recover its impact fee of \$1,611 per wastewater connection imposed by Pasco County on its customers.<sup>3</sup> Because the 131 existing customers of Pasco County in the Signal Cove area already have paid these impact fees to Pasco County, the Addendum to the Bulk Wastewater Treatment Agreement provides, at paragraph two, that Hudson's surcharge of \$1.00 per 1,000 gallons will not be charged to the 131 Signal Cove area customers to be transferred from Pasco County to Hudson. Hudson's Application accordingly submits proposed revised tariff sheets Nos. 12.0, 13.0, 14.0 and 15.0, adding a term recognizing the \$1.00 differential in the gallonage charge for the 131 existing Pasco County customers to be transferred to Hudson.

7. The Addendum to the Bulk Wastewater Treatment Agreement further provides, at paragraph seven, that the duration of the \$1.00 surcharge per 1,000 gallons for each customer shall be 25 years, and that Hudson shall institute appropriate proceedings before the Commission by the twenty-fifth anniversary of the Bulk Wastewater Treatment Agreement (i.e., by June 5, 2015) to implement this provision. Hudson's proposed revisions to tariff sheets Nos. 12.0, 13.0, 14.0 and 15.0, accordingly add a term recognizing the 25-year period as to each customer.

8. Hudson's Application also requests the Commission's authorization to extend its service territory to include an area between, and contiguous to, the Signal Cove area and the southern boundary of Hudson's existing service territory. This area includes 396 customers for whom

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<sup>3</sup>Order No. 23846, issued on December 10, 1990 in Docket No. 900020-SU, notes Pasco County's impact fees of approximately \$1,600 per wastewater connection, at 90 F.P.S.C. 12:117, 120.



Hudson has provided wastewater service for several years and has paid all regulatory fees. Hudson erroneously believed that this area was included in its service area, and now seeks to amend its certificate to formally recognize and obtain the Commission's authorization to serve Hudson's customers in this area, as required by Section 367.045(2), Florida Statutes.

9. Included within the area covered by the Bulk Wastewater Treatment Agreement is an area of approximately four to five square miles adjoining the northern and northeastern boundaries of Hudson's existing service territory ("the northern area"). Apart from the Sea Pines, Sea Pines (Ironwood), and Viva Villas<sup>4</sup> subdivisions situated within the northern area and served by Pasco County, the northern area is not included in the certificated service territory of Hudson or any other wastewater utility. Hudson's Application requests the Commission's authorization to extend its service territory to include this area in order to accommodate expected population growth along U. S. Highway 19 to the north of Hudson's existing service territory, and to accommodate expected population growth adjacent to the Sea Pines and Sea Pines (Ironwood) subdivisions outside the boundaries of Pasco County's service territory as agreed to in the Bulk Wastewater Treatment Agreement.

10. The legal descriptions of the Signal Cove area and the contiguous area adjoining the southern boundary of Hudson's existing service territory, and of the northern area adjoining the northern and northeastern boundaries of Hudson's existing service territory, are provided in Exhibit O to Hudson's Application. A Service Area Location Map depicting Hudson's existing and proposed service areas is provided with Exhibit P to the Application. A Service System Location

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<sup>4</sup>Transfer of the Viva Villas system to Pasco County was recognized by Order No. 25576 issued January 7, 1992, in Docket No. 900832-WS, at 92 F.P.S.C. 1:93.

Map showing proposed lines and facilities in the area proposed to be served, is provided with Exhibit Q to the Application.

11. As stated in Exhibit A to the Application, the majority of Hudson's existing and proposed service territory is located in an area federally designated as a flood plain area, which is unsuitable for the efficient use of septic tanks and drain fields. The comprehensive land use plan adopted by Pasco County and the State of Florida requires that coastal areas, including Hudson's existing and proposed service territory, shall be provided with sanitary sewer collection and treatment systems. Pasco County owns and operates regional wastewater treatment and disposal facilities but generally does not provide wastewater collection service. Consequently, in order to accommodate expected population growth in the areas proposed to be added to Hudson's existing service territory, Hudson and Pasco County have extended the term of the Bulk Wastewater Treatment Agreement for ten years, from 2015 to 2025, and have provided for the transfer to Hudson of the Signal Cove service area, as stated in the Addendum to the Bulk Wastewater Service Agreement. The proposed extension of Hudson's service territory is consistent with the comprehensive plan adopted by Pasco County, as stated in Exhibit C to the Application.

12. Permits are being processed by the Department of Environmental Protection for the construction of the sanitary sewers, force mains and pumping stations for the proposed Signal Cove area, as stated in Exhibit E to Hudson's Application. Funding for the construction is in place and is not anticipated to impact Hudson's capital structure, as stated in Exhibit L to the Application.

13. Hudson's rates and charges were established most recently in the Commission's Order No. 23810 issued November 27, 1990 in Docket No. 900293-SU, in response to Hudson's application for a staff-assisted rate case, and were amended most recently by Order No. PSC-98-

0316-AS-SU issued February 23, 1998 in Docket No. 980076-SU. As stated in Exhibit N to Hudson's Application, the proposed extension of Hudson's service territory is not expected to impact Hudson's monthly rates and service availability charges.

14. Hudson is experienced in wastewater utility operations and has the financial ability and technical expertise to provide service to the proposed additional areas. Exhibit K provides a summary of Hudson's technical and financial integrity.

15. Hudson has tariffs and annual reports on file with the Commission, as stated in the Affidavit submitted with Exhibit V to Hudson's Application. Exhibit W to Hudson's Application for Amendment of Certificate No. 104-S supplies copies of sample revisions to Hudson's tariff to reflect the proposed changes to its certificated territory. Exhibit W also provides copies of sample revisions to Hudson's tariff sheets Nos. 12.0, 13.0, 14.0, and 15.0 to reflect the reduced gallonage charge for the 131 existing Pasco County customers to be transferred to Hudson, and to reflect the 25-year sunset of the \$1.00 surcharge component of the Gallonage Charge as to all other Hudson customers.<sup>5</sup>

16. Hudson represents that all of the information required by Rule 25-30.036(3), Florida Administrative Code, for the proposed extension of Hudson's service territory is included within the enclosed Application and Exhibits.

17. Hudson's affidavits regarding notice of the proposed territory extension will be filed

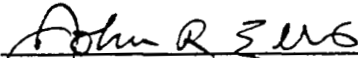
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<sup>5</sup>Hudson is concurrently filing an Application for Name Change deleting the fictitious name "dba Hudson Bay Company" from its name, and in connection with that Application is filing a new tariff. The new tariff contains terms identical to Hudson's existing tariff, with the exception of the deletion of "dba Hudson Bay Company" and the Commission's revised form language for wastewater tariffs.

as late-filed exhibits to the Application.

WHEREFORE, Hudson requests that the Commission issue an order extending Hudson's service territory to include (a) the Signal Cove subdivision and the contiguous area adjoining the southern boundary of Hudson's existing service territory and (b) an area approximately four to five square miles north and northeast of Hudson's existing service territory, as described in the system area map and legal description accompany this Application; approving the proposed revisions to Hudson's tariff sheets nos. 12.0, 13.0, 14.0 and 15.0; and amending Certificate No. 104-S accordingly.

Respectfully submitted,

  
KENNETH A. HOFFMAN, ESQ.

JOHN R. ELLIS, ESQ.

Rutledge, Ecenia, Underwood, Purnell & Hoffman, P.A.

P. O. Box 551

Tallahassee, FL 32302

(850) 681-6788

Hudson.app

OPC

Tallahassee, Florida 32399-0850  
APPLICATION FOR AMENDMENT OF CERTIFICATE  
PURSUANT TO SECTION 367.045, FLORIDA STATUTES  
(EXTENSION OR DELETION)

To: Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

981079-SU

The undersigned hereby makes application for amendment of  
Water Certificate No. \_\_\_\_\_ and/or Sewer Certificate No. 104-S  
to (add) or (delete) territory located in Pasco  
County, Florida, and submits the following information:

**PART I APPLICANT INFORMATION**

A) The full name (as it appears on the certificate),  
address and telephone number of the applicant:

Hudson Utilities, Inc. (813) 863-0205 (813) 869 5913  
Name of utility Phone No. Fax No.

14334 Old Dixie Highway  
Office street address

Hudson, Florida 34667  
City State Zip Code

Mailing address if different from street address

B) The name, address and telephone number of the person  
to contact concerning this application:

Kenneth A. Hoffman (850) 681-6788  
Name Phone No.

215 South Monroe Street, Suite 420  
Street address

Tallahassee, Florida 32301  
City State Zip Code

RECEIVED

AUG 27 1998

Office Of  
Public Counsel  
DOCUMENT NO.  
09818-98  
Aug 26

**PART VII TARIFF AND ANNUAL REPORTS**

- A) Exhibit  V  - An affidavit that the utility has tariffs and annual reports on file with the Commission.
- B) Exhibit  W  - The original and two copies of sample revisions to the utility's tariff(s) to incorporate the proposed change to the certificated territory.
- C) Exhibit  X  - A copy of the Applicant's Current Certificate.

**PART IX AFFIDAVIT**

I  Robert Bammann  (applicant) do solemnly swear or affirm that the facts stated in the foregoing application and all exhibits attached thereto are true and correct and that said statements of fact constitute a complete statement of the matter to which it relates.

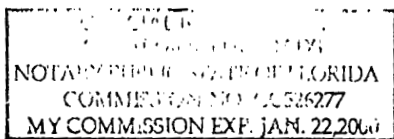


(Applicant)

BY:

Robert Bammann   
President of Hudson Utilities, Inc.  
Name and Title\*

Subscribed and sworn to before me this  3rd   
of  August  19 98



  
Notary Public

\*If the applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If the applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

Exhibit D

A statement describing the capacity of the existing lines, the capacity of the existing treatment and disposal facilities, and the design capacity of the proposed extension.

Response:

1. The capacity of existing lines have been designed and constructed to provide for 100% build-out of the collection area that the lines are located within!
2. The capacity of the existing treatment and disposal facilities is controlled by Pasco County Utilities Department. Pasco County is under contract with Hudson Utilities to provide bulk service treatment through June 5, 2025, with option to extend.
3. The design capacity of the proposed extension will be accomplished on an area by area basis and in accordance with para. 1 above.

Exhibit K

A statement as to the Applicant's technical and financial ability to render reasonably sufficient, adequate and efficient service.

Response:

Hudson Utilities is owned by a Utility Contractor, a Florida Professional Registered Engineer and a General Manager of the utility.

The utility contractor, Robert Bammann, has 25 years experience in construction, operation and maintenance of water and wastewater facilities.

The professional engineer, Chares E. Griffin, has 35 years experience in engineering studies, reports, design, supervision of construction and operation and maintenance of water and wastewater facilities.

The general manager, Mathew S. Griffin, has 4 years experience in utility management with an additional 8 years experience in land surveying, computer programming and operation, public relations and administration.

In addition to above the current utility staff of four persons are experienced in, operation and maintenance of collection systems, force mains and pumping stations, computer control, administration and public relations.

Together with above technical ability and the current approved rate structure, Hudson Utilities, Inc., has the technical and financial ability to render reasonably sufficient, adequate and efficient service to its customers.



Exhibit L

A detailed statement regarding the proposed method of financing the construction, and the projected impact on the utility's capital structure.

Response:

Hudson Utilities current rate structure is based on 4,133 ERC's with a service availability charge (CIAC) of \$ 1000.00 per ERC ( 1- ERC=173 gpd). The construction cost of each service averages \$ 2,500.00. The utility finances the \$ 1,500.00 balance and the long term debt is amortized from service revenue.

We are nearing completion of construction for the existing franchise service area and projections for debt coverage is basically in balance with actual debt coverage.

Therefore, we anticipate utilizing this same format for construction costs that will be required for providing service to the proposed franchise territory extension areas.

Hudson Utilities current lender has indicated a willingness to proceed on this basis.

We do not anticipate a projected impact on the utility's capital structure.

Staff-Assisted Rate Case  
Effective Date: February 4, 1992  
Order No. 23810  
Docket No. 900293-SU  
Authority No. WS-90-0123



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## **BEFORE THE FLORIDA PUBLIC SERVICE**

### **COMMISSION**

In re: Application for amendment DOCKET NO. 981079-SU  
of Certificate No. 104-S to ORDER NO. PSC-00-0212-FOF-SU  
extend service territory in Pasco ISSUED: February 2, 2000  
County by Hudson Utilities, Inc.,  
and request for limited  
proceeding.

### **The following Commissioners participated in the disposition of this matter:**

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
E. LEON JACOBS, JR.

### **ORDER GRANTING MOTION FOR EXTENSION OF TIME TO FILE PROOF OF TRANSFER OF TERRITORY**

#### **BY THE COMMISSION:**

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. 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.

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 October 21, 1999, we approved Hudson's application to amend its certificate of authorization, 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. In support of its motion, Hudson states that, pursuant to the Addendum to the Agreement between Hudson and the County, the transfer of the Signal Cove territory will occur when Hudson connects its force main to the County's wastewater collection system which presently serves the Signal Cove customers. Further, Hudson states that the connection of Hudson's force main to the County's facilities will occur upon completion of the construction of Hudson's wastewater collection facilities to serve those Signal Cove customers currently on septic tanks. Hudson states that it estimates that the connection will occur in approximately six months, based on estimates that the finalization for the funding of the construction work will take two months and the completion of the necessary construction work will take four months. Thus, Hudson requests an additional six months, until June 27, 2000, to file proof of the transfer of the Signal Cove territory from the County to Hudson.

We find that Hudson's motion is reasonable, and it is hereby granted. As requested in its motion, the utility shall be allowed until June 27, 2000, to file proof of the transfer of the Signal Cove territory from the County to Hudson.

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

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Hudson Utilities, Inc.'s Motion for Extension of Time to File Proof of Transfer of Territory is hereby granted. It is further

ORDERED that Hudson Utilities, Inc., shall be allowed until June 27, 2000, to file proof of the transfer of the Signal Cove territory from Pasco County to the utility. It is further

ORDERED that this docket shall remain open to allow Commission 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 Commission staff has verified this information, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 2nd day of February, 2000.

/s/ Blanca S. Bayó  
BLANCA S. BAYÓ, Director

Bureau of Records and Hearing Services.

*This is a facsimile copy. A signed copy of the order may be obtained by calling 1-850-413-6770.*

(SEAL)

SMC

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.

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, Bureau of Records and Hearing Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/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.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for amendment  
of Certificate No. 104-S to  
extend service territory in  
Pasco County by Hudson  
Utilities, Inc., and request for  
limited proceeding.

DOCKET NO. 981079-SU  
ORDER NO. PSC-00-1512-PCO-SU  
ISSUED: August 21, 2000

The following Commissioners participated in the disposition  
of this matter:

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

ORDER GRANTING MOTION FOR SECOND EXTENSION OF TIME TO  
FILE PROOF OF TRANSFER OF TERRITORY

BY THE COMMISSION:

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 buildings, of which 131 are currently receiving wastewater service from the County. The remaining buildings in the community are on 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 Addendum 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, we approved Hudson's application to amend its certificate of authorization, 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, we 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.

MOTION FOR SECOND EXTENSION OF TIME

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, Hudson states that a series of increases in interest rates since February 2000 have prevented the utility from concluding negotiations for acceptable commercial financing for the construction work needed to extend its service to Signal Cove. Further, it states that Hudson still plans to construct the necessary facilities and to connect the existing Signal Cove customers to these facilities upon completion of the construction. Moreover, it states that "neither Pasco County nor the Signal Cove Homeowners Association has expressed any objection to Hudson's plans to continue to seek acceptable commercial financing for the construction, and no other utility has offered or has requested authorization to provide service to



ORDER NO. PSC-00-1512-PCO-SU  
DOCKET NO. 981079-SU  
PAGE 3

the Signal Cove subdivision." Hudson asserts that it will continue its efforts to obtain acceptable commercial financing for the construction of the Signal Cove facilities. However, the utility states that it does not expect that acceptable financing will be secured in less than six months. Thus, Hudson requests that we extend the time for filing the proof of territory transfer until June 30, 2001, to allow Hudson to "continue its efforts to secure acceptable commercial financing for the necessary construction work or to explore other possible avenues for financing the construction."

Hudson's motion is reasonable and it is hereby granted. As noted above, there are no customers in the territory at issue who are without sewer service. As requested in its motion, the utility shall be allowed until June 30, 2001, to file proof of the transfer of the Signal Cove territory from the County to Hudson.

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

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Hudson Utilities, Inc.'s Motion for Second Extension of Time to File Proof of Transfer of Territory is hereby approved. It is further

ORDERED that Hudson Utilities, Inc., shall be allowed until June 30, 2001, to file proof of the transfer of the Signal Cove territory from Pasco County to the utility. It is further

ORDERED that this docket shall remain open to allow Commission 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 Commission staff has verified this information, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 21st

day of August, 21st.

/s/ Blanca S. Bayó  
BLANCA S. BAYÓ, Director  
Division of Records and Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-850-413-6770.

( S E A L )

SMC

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.

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) 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. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for amendment of Certificate No. 104-S to extend service territory in Pasco County by Hudson Utilities, Inc., and request for limited proceeding.

DOCKET NO. 981079-SU  
ORDER NO. PSC-01-1993-PCO-SU  
ISSUED: October 8, 2001

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI

ORDER GRANTING MOTION FOR THIRD EXTENSION OF TIME TO  
FILE PROOF OF TRANSFER OF TERRITORY

BY THE COMMISSION:

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 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

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

EXHIBIT "E"

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, we 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 required 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, we 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, we granted the motion and 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. We have

jurisdiction pursuant to Sections 367.071 and 367.045, Florida Statutes.

MOTION FOR THIRD EXTENSION OF TIME

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 we 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.

We 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 it 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.

We 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.

Hudson's motion is hereby granted. We note that there are no customers in the territory at issue who are without wastewater service, as the County is currently providing service or service is

obtained by way of septic tanks. As requested in its motion, the utility shall be allowed until June 30, 2002, to file proof of the transfer of the Signal Cove territory from the County to Hudson.

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

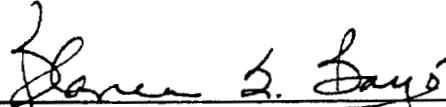
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Hudson Utilities, Inc.'s Motion for Third Extension of Time to File Proof of Transfer of Territory is hereby granted. It is further

ORDERED that Hudson Utilities, Inc., shall be allowed until June 30, 2002, to file proof of the transfer of the Signal Cove territory from Pasco County to the utility. It is further

ORDERED that this docket shall remain open to allow Commission 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 Commission staff has verified this information, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 8th day of October, 2001.

  
\_\_\_\_\_  
BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

( S E A L )

SMC

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.

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) 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. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.





# CLASS "A" OR "B"

## WATER and/or WASTEWATER UTILITIES

(Gross Revenue of More Than \$200,000 Each)

# ANNUAL REPORT

OF

**Hudson Utilities, Inc.**

Exact Legal Name of Respondent

**104S**

Certificate Number(s)

Submitted To The

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2000

RECEIVED  
PUBLIC SERVICE  
COMMISSION  
MAY 31 11:10:30  
REGULATORY

Do Not Remove From This Office

RECEIVED  
MAY 31 2001  
Florida Public Service Commission  
Division of Water and Wastewater

**COMPANY PROFILE**

Provide a brief narrative company profile which covers the following areas:

- A. Brief company history.**
- B. Public services rendered.**
- C. Major goals and objectives.**
- D. Major operating divisions and functions.**
- E. Current and projected growth patterns.**
- F. Major transactions having a material effect on operations.**

- (A) Hudson Utilities, Inc., a Florida corporation, was incorporated in 1975. The company is a Class B regulated public utility providing sewer transmission lines within a designated service area in Hudson, Florida. The Company was purchased in September 1987 by Robert Bamman. During 1998, the Company was granted a name change to Hudson Utilities, Inc.
- (B) Sewage collection only. Treatment is purchased from Pasco County.
- (C) To provide central sewage collection service throughout the utility's service area and a fair rate of return to the Company's stockholders.
- (D) Sewer collection service only.
- (E) The Company expects to add approximately 100 new connections annually and with additional financing to complete the expansion of the collection system within the certificated area.
- (F) The Company had no major transactions having a material effect on operations during the year ended December 31, 2000.

**CONTRIBUTIONS IN AID OF CONSTRUCTION  
ACCOUNT 271**

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	N/A	\$ 2,537,585	N/A	\$ 2,537,585
Add credits during year:	-	56,000		56,000
Less debits charged during	-	-		-
Total Contributions In Aid of Construction	N/A	\$ 2,593,585	N/A	\$ 2,593,585

**ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION  
ACCOUNT 272**

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	N/A	\$ 476,181	N/A	\$ 476,181
Debits during year:		80,047		80,047
Credits during year (specify):				
Total Accumulated Amortization of Contributions In Aid of Construction	N/A	\$ 556,228	N/A	\$ 556,228

SCHEDULE OF YEAR END WASTEWATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WASTEWATER UTILITY (d)
101	Utility Plant In Service	S-4(b)	\$ 6,668,706
	Less:		
	Nonused and Useful Plant (1)		
108.1	Accumulated Depreciation	S-6(b)	1,303,844
110.1	Accumulated Amortization		
271	Contributions in Aid of Construction	S-7	2,593,585
252	Advances for Construction	F-20	
	Subtotal		2,771,277
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	556,228
			3,327,505
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		88,631
	Other (Specify):		(246,022)
	Net Contributed Taxes		103,121
	Net Deferred Tax Asset		
	WASTEWATER RATE BASE		\$ 3,273,235
	UTILITY OPERATING INCOME	S-3	\$ 202,475
	ACHIEVED RATE OF RETURN (Wastewater Operating Income/Wastewater Rate Base)		6.19 %

- NOTES: (1) Class A calculate consistent with last rate proceeding. Class B estimated if not known.  
 (2) Include only those Acquisition Adjustments that have been approved by the Commission.  
 (3) Calculation consistent with last rate proceeding.  
 In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

UTILITY NAME: Hudson Utilities, Inc.  
 SYSTEM NAME / COUNTY: Hudson/Pasco

**YEAR OF REPORT**  
**December 31, 2000**

**WASTEWATER UTILITY PLANT ACCOUNTS**

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
351	Organization	\$ 6,246	\$ -	\$ -	\$ 6,246
352	Franchises				
353	Land and Land Rights	9,513			9,513
354	Structure and Improvements	2,195			2,195
355	Power Generation Equipment	0			
360	Collection Sewers - Force	937,958			937,958
361	Collection Sewers - Gravity	3,564,246	17,082		3,581,328
362	Special Collecting Structures				
363	Services to Customers	855,605			855,605
364	Flow Measuring Devices	141,354			141,354
365	Flow Measuring Installations				
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells	532,005	3,700		535,705
371	Pumping Equipment	502,361			502,361
374	Reuse Distribution Reservoirs				
375	Reuse Transmission and Distribution System				
380	Treatment & Disposal Equipment				
381	Plant Sewers				
382	Outfall Sewer Lines				
389	Other Plant / Miscellaneous Equipment	6,298			6,298
390	Office Furniture & Equipment	34,167	697		34,864
391	Transportation Equipment	41,636			41,636
392	Stores Equipment				
393	Tools, Shop and Garage Equipment	10,829			10,829
394	Laboratory Equipment				
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment	2,814			2,814
398	Other Tangible Plant				
<b>Total Wastewater Plant</b>		<b>\$ 6,647,227</b>	<b>\$ 21,479</b>	<b>\$ -</b>	<b>\$ 6,668,706</b>

NOTE: Any adjustments made to reclassify property from one account to another must be footnoted.

UTILITY NAME: Hudson Utilities, Inc.  
 SYSTEM NAME / COUNTY: Hudson/Pasco

YEAR OF REPORT  
 December 31, 2000

**WASTEWATER CIAC SCHEDULE "A"**  
**ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM CAPACITY, MAIN  
 EXTENSION AND CUSTOMER CONNECTION CHARGES RECEIVED DURING THE YEAR**

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
Capacity Charges	56	\$ 1,000	\$ 56,000
Total Credits			\$ 56,000

**ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION  
 ACCOUNT 272**

DESCRIPTION (a)	WASTEWATER (b)
Balance first of year	\$ 476,181
Debits during year:	
Accruals charged to Account	80,047
Other Debits (specify):	
Total debits	80,047
Credits during year (specify):	
Total credits	
Balance end of year	\$ 556,228