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June 25, 2002

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

BY HAND DELIVERY

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Re: Docket No. 981079-SU

Dear Ms. Bayo:

Enclosed herewith for filing on behalf of Hudson Utilities, Inc. ("Hudson"), are the original and fifteen copies of Hudson's Motion for Fourth Extension of Time to File Proof of Transfer of Territory.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Sincerely,

Marsha E. Rule
Martin P. McDonnell *for*

- AUS _____
- CAF _____
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- ECR _____ Enclosures
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FPSC-BUREAU OF RECORDS 06532 JUN 25 02
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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

Filed: June 25, 2002

**HUDSON UTILITIES, INC.'S
MOTION FOR FOURTH EXTENSION OF TIME
TO FILE PROOF OF TRANSFER OF TERRITORY**

Hudson Utilities, Inc. ("Hudson"), by and through its undersigned attorneys, and pursuant to Rule 28-106.303, Florida Administrative Code, moves for an order granting a fourth extension of time to file proof of the transfer of the Signal Cove territory from Pasco County to Hudson pursuant to Order No. PSC-99-1916-PAA-SU, and as grounds therefor states:

1. In Order No. PSC-99-1916-PAA-SU, issued September 27, 1999, the Commission granted Hudson's application for amendment of Certificate No. 104-S to add territory in Pasco County, including an area known as the Signal Cove subdivision ("Signal Cove" or "the subdivision"). The Order directed Hudson to "... file proof of the transfer of [the Signal Cove] territory from Pasco County to Hudson Utilities, Inc. within three months from the issuance date of this Order."

2. Hudson is a Class B utility serving approximately 2,300 residential and 115 commercial customers in Pasco County. Hudson provides wastewater collection service and contracts with Pasco County for wastewater treatment service. Signal Cove is adjacent to the southern boundary of Hudson's wastewater collection system. The subdivision includes 382 existing

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buildings, 131 of which are connected to wastewater collection facilities currently owned and operated by Pasco County. The remaining buildings in the subdivision are on septic tanks.

3. Signal Cove is located in an area of Pasco County 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 Pasco County pursuant to Chapter 380, Florida Statutes, calls for coastal areas including Signal Cove to be provided with sanitary sewer collection and treatment systems. However, Pasco County generally does not provide such wastewater collection facilities.

4. In 1996 and 1997, the Signal Cove Homeowners Association, including residents of the buildings currently receiving wastewater collection service as customers of Pasco County, unanimously voted for and signed a petition expressing their support of a proposal to request Pasco County to approve the transfer of the Signal Cove territory to Hudson. The transfer was formally approved by the County Commission in 1997.

5. By an "Addendum to Bulk Wastewater Treatment Agreement with Hudson Utilities" entered into on April 28, 1998 between Hudson and Pasco County, it was agreed that the Signal Cove territory would be transferred to Hudson "... at such time as [Hudson] connects its force main to the wastewater collection system presently serving the existing County customers." Thus, under the Agreement, the timing of the transfer is dependent upon completion of construction by Hudson of an additional collection system and force main to serve the remaining 252 buildings in Signal Cove.

6. Hudson has been granted three previous extensions of time to file proof of the transfer of the Signal Cove territory. Order No. PSC-00-0212-FOF-SU, issued February 2, 2000, extended

the time to June 27, 2000; Order No. PSC-00-1512-PCO-SU, issued August 21, 2000, extended the time for filing proof of the transfer to June 30, 2000; and Order No. PSC-01-1993-PCO-SU, issued October 8, 2001, granting an extension of time for filing proof of the transfer until June 30, 2002. The first extension was granted based on Hudson's estimate of the time required to build the additional facilities to connect with the County's existing Signal Cove system. The second extension was granted based on Hudson's request for additional time to negotiate acceptable commercial financing for the construction of the additional facilities, in view of a series of increases in interest rates since February 2000. Hudson's second motion for an extension also noted that it may be necessary to explore other possible avenues for financing the construction. Hudson's third motion noted that Hudson would need to increase its service availability charge to obtain acceptable commercial financing.

7. Notwithstanding the recent series of reductions in interest rates, Hudson and its commercial lender have concluded that Hudson's current service availability charge of \$1,000 is insufficient to enable it to recover its current costs of construction, and therefore is insufficient to enable it to obtain acceptable commercial financing for new construction of facilities including the additional facilities planned for Signal Cove. Hudson's analysis is based on the costs of construction of the facilities completed in its most recent expansion of its system, beginning in May 1997. Therefore, on March 19, 2002, Hudson filed an application for an increase in service availability charges for wastewater customers in Pasco County. (Docket No. 02025A-SU).

Hudson needs additional time to continue with its plans to construct the necessary facilities to accept the transfer of Pasco County's existing Signal Cove territory, and to file proof of the transfer pursuant to Order No. PSC-99-1916-PAA-SU. Hudson requests that the Commission extend

the time in which proof of the transfer may be filed, to permit Hudson to secure an increase in its service availability charge as outlined above, and to allow for a reasonable period of time to complete the necessary construction of the facilities.

8. On April 11, 2002, in Docket No. 020254-SU, Commission Staff filed a Staff Recommendation and stated:

On March 19, 2002, the Utility filed an application to increase its system capacity charge. The Utility filed this application to recover the costs of extending its collection lines to serve the Signal Cove territory. Staff has reviewed the Utility's application and supporting documentation, and has determined that the Utility has met the minimum filing requirements of Rule 25-30.565, Florida Administrative Code. Thus, March 19, 2002, was designated as the official filing date, pursuant to Section 367.083, Florida Statutes.

9. Pursuant to Section 367.091(6), Florida Statutes, Hudson's proposed service availability tariff will become effective within sixty (60) days after the filing, unless the Commission votes to withhold consent for the request. Commission Staff has requested that the proposed tariff to increase the service availability charge be suspended, to allow Staff, engineers, and rate analysts to consider the application and its supporting documentation.

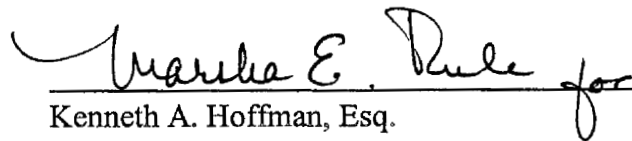
10. On June 6, 2002, a representative from Hudson, along with the undersigned, attended an informal staff meeting between Commission Staff, Hudson, and the Office of Public Counsel. As a result of that informal staff meeting, Hudson has agreed to attend an informal meeting between the Office of Public Counsel, any interested citizens, and Hudson in an effort to resolve any issues regarding Hudson's request for increase in service availability charges. On June 13, 2002, the undersigned spoke with Jack Shreve, Office of Public Counsel, to schedule the above meeting. Mr. Shreve advised that he would contact the undersigned as soon as practicable regarding the time and place of the meeting.

11. As of June 17, 2002, the case assignment and scheduling record ("CASR") in Docket No. 020254-SU reflects the following scheduled events:

<u>Event</u>	<u>Due Date</u>
Staff Recommendation — PAA	10-24-02
Agenda — PAA	11-05-02
PAA Order	11-25-02

WHEREFORE, Hudson requests that the Commission issue an order granting Hudson a fourth extension of time, from June 30, 2002 to June 30, 2003, in which to file proof of the transfer of the Signal Cove territory from Pasco County to Hudson.

Respectfully submitted,



Kenneth A. Hoffman, Esq.
Martin P. McDonnell, Esq.
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P. O. Box 551
Tallahassee, FL 32302
(850) 681-6788
Counsel for *Hudson Utilities, Inc.*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by Hand Delivery to Samantha Cibula, Esq. Division of Legal Services, Florida Public Service Commission, 1540 Shumard Oak Boulevard, Room 370, Tallahassee, Florida 32399, this 25th day of June, 2002.

