

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: January 12, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Walden)
Office of the General Counsel (Keating)

RE: Docket No. 050642-WS – Application for amendment of Certificates 567-W and 494-S to extend water and wastewater service areas to include certain land in Lake County by Shangri-La-By-The-Lake Utilities, Inc.
County: Lake

AGENDA: 01/24/06 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Place this item before Docket No. 050875-WS

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050642.RCM.DOC

Case Background

Shangri-La-By-The-Lake Utilities, Inc. (Shangri-La or utility) is a Class C water and wastewater utility company serving 150 water and 142 wastewater customers in Lake County. The utility was issued certificates on January 12, 1996, by Order No. PSC-96-0062-FOF-WS. The utility's 2004 annual report lists \$19,530 in water revenue and \$39,061 in wastewater revenue, with a total overall net loss of \$35,253.

The utility filed this application on September 22, 2005 to amend its water and wastewater certificates, pursuant to Section 367.045, Florida Statutes, and Rule 25-30.036, Florida Administrative Code. The amendment would allow Shangri-La to provide water and

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wastewater service for up to 25 single family homes by adding the territory described in Attachment A to its certificates. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes.

By separate application, Shangri-La is seeking approval to amend its water and wastewater certificates to add different territory. That application was assigned Docket No. 050875-WS and is addressed in a separate recommendation also filed for consideration at the January 24, 2006, Agenda Conference.

Discussion of Issues

Issue 1: Should the utility's request to amend its certificates be granted?

Recommendation: Yes. Water Certificate No. 567-W and Wastewater Certificate No. 494-S held by Shangri-La-By-The-Lake Utilities, Inc. should be amended to include the territory listed on Attachment A. Shangri-La should charge the customers in the added territory the same rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding. (Walden)

Staff Analysis: On September 22, 2005, Shangri-La filed an application for amendment of its water and wastewater certificates. The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and administrative rules concerning an amendment of certificate.

Adequate service territory maps and a territory description have been provided as prescribed by Rule 25-30.036(3)(e) and (i), Florida Administrative Code. The utility has entered into a developer agreement for provision of water and wastewater service in the new area for up to 25 single family homes. The signed developer agreement states that the developer will pay the cost of modifications and upgrades to the utility's wastewater plant to serve the additional customers. On-site lines will be constructed by and at the cost of the developer, and then deeded to the utility company. There are no outstanding notices of violation or consent orders with the Department of Environmental Protection.

Staff is satisfied that the utility is sufficiently experienced and has the financial and technical ability to provide service to the area requested. There are no complaints pending in the Division of Regulatory Compliance and Consumer Assistance.

In addition, the application contained proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the notice were received, and the time for objections has now passed. The Department of Community Affairs has stated that the project is consistent with Lake County's Comprehensive Plan, and identified no growth management concerns with the area requested for amendment.

Based upon the above information, staff recommends that it is in the public interest that the utility's application be granted and the land described in Attachment A be added to the water and wastewater certificated territory of Shangri-La-By-The-Lake Utilities, Inc. Shangri-La should charge the customers in the added territory the same rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding.

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Issue 2: Should the docket be closed?

Recommendation: Yes. This docket should be closed because no further action is needed.
(Keating)

Staff Analysis: If the amendment is approved, there is no further action to be taken by the Commission and the docket should be closed.

AMENDMENT TO WATER AND WASTEWATER SERVICE TERRITORY FOR
SHANGRI-LA-BY-THE-LAKE UTILITIES, INC. IN LAKE COUNTY

THAT PORTION OF SECTION 6, TOWNSHIP 19 SOUTH, RANGE 26 EAST AND THAT PORTION OF SECTION 7, TOWNSHIP 19 SOUTH, RANGE 26 EAST, ALL IN LAKE COUNTY, FLORIDA BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 6, SAID CORNER ALSO BEING THE NORTHWEST CORNER OF SAID SECTION 7 RUN THENCE EAST 1363 FEET TO A POINT ON THE SOUTH LINE OF SAID SECTION 6; THENCE NORTH, 100.00 FEET; THENCE EAST 450 FEET, MORE OR LESS, TO THE WATERS OF LAKE EUSTIS AND A POINT HEREBY DESIGNATED AS POINT "A".

THENCE RETURN TO THE POINT OF BEGINNING AND RUN SOUTH 00°09'59" EAST, 460.00 FEET ALONG THE WEST LINE OF SAID SECTION 7; THENCE SOUTH 63°00'00" EAST TO THE WATERS OF LAKE EUSTIS, THENCE NORTHERLY AND EASTERLY ALONG AND WITH THE SAID WATERS OF LAKE EUSTIS TO THE AFOREMENTIONED POINT "A" FOR POINT OF TERMINUS.