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May 10, 1996

BY HAND DELIVERY

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

Re: Docket No. 951056-WS

Dear Ms. Bayó:

Enclosed for filing on behalf of Dunes Community Development District (Dunes) is the original and 15 copies of Dunes' Petition to Intervene.

By copy of this letter this document has been provided to the parties on the attached service list.

Very truly yours,

Richard D. Melson

- ACK
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF  RDM/cc
- CMU  Enclosures
- CTR \_\_\_\_\_
- ENG \_\_\_\_\_
- LEG  cc: Parties of Record
- LIV \_\_\_\_\_
- REC \_\_\_\_\_
- SEC \_\_\_\_\_
- TRN \_\_\_\_\_
- WFO \_\_\_\_\_
- YOC \_\_\_\_\_

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

67316.1

DOCUMENT NUMBER-DATE  
05328 MAY 10 1996  
EPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by PALM COAST ) Docket No. 950156-WS  
UTILITY CORPORATION for rate )  
increase in Flagler County ) Filed: May 10, 1996

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PETITION TO INTERVENE

DUNES COMMUNITY DEVELOPMENT DISTRICT ("Dunes"), a special purpose unit of local government organized pursuant to Chapter 190, Florida Statutes, hereby petitions to intervene in this docket. In support thereof, Dunes states:

1. Dunes official name and business address is:

Dunes Community Development District  
5000 Palm Coast Parkway  
Palm Coast, FL 32137

2. The names and addresses of the persons to receive service of pleadings and notices in this docket are:

Richard D. Melson  
Hopping Green Sams & Smith, P.A.  
P.O. Box 6526  
Tallahassee, FL 32314

with a copy to:

Gary L. Moyer, Manager  
Dunes Community Development District  
10300 N.W. 11th Manor  
Coral Springs, Florida 33071

3. Dunes is a governmental water, wastewater and reuse utility providing service to residences and businesses within its district boundaries in Flagler County, Florida. Dunes is a customer of Palm Coast Utilities Corporation ("PCUC"). Dunes

purchases potable water from PCUC on a bulk basis pursuant to PCUC's Commission-approved tariff.

4. Dunes also obtains unfiltered effluent from PCUC pursuant to an agreement originally made on February 23, 1990, and most recently amended and restated on September 20, 1995 ("Effluent Agreement"). Under the Effluent Agreement, Dunes receives wastewater treated to secondary standards from PCUC at a point of delivery on PCUC's wastewater plant site.

5. Dunes has installed, at its sole cost and expense, the pumping and transmission facilities used to transport the unfiltered effluent from PCUC to Dunes' wastewater treatment plant. Dunes pays all operating expenses associated with its acquisition of unfiltered effluent from PCUC, either directly or by reimbursement to PCUC.

6. Dunes further treats the unfiltered effluent received from PCUC, along with unfiltered effluent produced by its own wastewater treatment plant, to tertiary standards prior to providing such effluent to Dunes' customers for ultimate reuse.

7. Dune's obligation under the Effluent Agreement to take certain minimum quantities of unfiltered effluent from PCUC on a daily basis, and to use its best efforts to take greater quantities of unfiltered effluent on a daily basis, has enabled PCUC to avoid effluent disposal costs and/or the additional cost of treating the unfiltered effluent to meet the tertiary standards required for PCUC to reuse the effluent within its certificated territory.

8. In its rate filing in this docket, PCUC proposes to establish a new class of effluent service. Dunes would be the sole "customer" for such service. PCUC proposes an effluent charge of \$0.67 per thousand gallons for this new "service." PCUC's filing projects that this will produce approximately \$195,000 in annual revenues from the provision of effluent to Dunes.

9. Dunes believes that the proposed creation of a new class of service, and the establishment of an effluent rate, is contrary to the public interest, and is not supported by the facts of this case, for at least the following reasons:

(a) There is no incremental cost to PCUC for providing unfiltered effluent to Dunes.

(b) Dunes agreement to take unfiltered effluent provides a benefit to PCUC by enabling it to avoid costs of additional effluent disposal capacity and/or additional wastewater treatment facilities which would be incurred absent the agreement.

(c) The imposition of a effluent charge will result in a rate increase to Dunes' reuse customers. This rate increase may depress the demand for reuse water, contrary to the policy goal of promoting reuse.

10. Dunes' substantial interests are affected by PCUC's proposal to implement an effluent charge which would be paid by Dunes and ultimately passed through to Dunes' reuse customers. Dunes is therefore entitled to intervene in this proceeding

pursuant to the provisions of Chapter 120, Florida Statutes, and Chapter 25-22, Florida Administrative Code.

11. Dunes' substantial interests are also affected by PCUC's proposal to increase its rate for bulk water service. Dunes does not have a position at this time on the magnitude of PCUC's overall water rate increase. Dunes does have an interest in ensuring that the final rates and rate structure approved by the Commission equitably treat all water purchasers.

WHEREFORE, Dunes petitions the Commission to allow it to intervene and participate as a full party to these proceedings.

RESPECTFULLY SUBMITTED this 10th day of May, 1996.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson  
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Attorneys for Dunes Community  
Development District

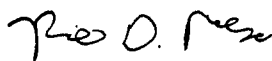
**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing was furnished by hand delivery this 10th day of May, 1996, to the following:

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Attorney