



ORIGINAL  
FILE COPY

July 24, 1997

Ms. Blanca Bayó, Director  
Division of Records & Reporting  
Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee FL 32399-0850

via UPS

RE: Docket No. 970328-SU - Petition to Establish Rates for a New Class of Service for Residential Wastewater Only (RWO) Service in all Jurisdictional Service Areas Included in Docket No. 950495-WS and Currently Without Authorized RWO Rates by Florida Water Services Corporation

Dear Ms. Bayó:

On behalf of Florida Water Services Corporation ("Florida Water"), I write in response to Mr. Tim Vaccaro's letter of June 4, 1997. An original and fifteen copies of this letter are enclosed.

I apologize for not being able to respond by July 7 as Mr. Vaccaro requested. As I told Mr. Vaccaro last week, Florida Water agrees to the Commission's taking the same amount of additional time to dispose of this matter that Florida Water has taken in responding to said letter. Below are the questions Mr. Vaccaro asked with Florida Water's answers.

1. Of the service areas included in your application for RWO rates, which service areas currently serve customers who require and RWO rate?

A. To Florida Water's knowledge, at the present, only one of the service areas included in this docket without an RWO rate has customers which now require an RWO rate. That service area is Palm Valley.

2. List the number of current customers, by service areas, who need an RWO rate.

A. Florida Water knows of only two such current customers, again, both in Palm Valley.

3. Over the next 2 years, how many total connections does the utility anticipate needing an RWO rate?

A. Florida Water has not prepared a projection of the number of Future RWO customers, but does not anticipate a noteworthy demand for RWO service considering the limited number of cases which have arisen in the last 9 months. As explained in the Petition filed in this case, "Florida Water's need for the RWO rates is occasional, not frequent. [T]he revenue derived and number of customers affected will not be significant. RWO rates, however, should already be in place when needed."

As stated in other filings made in this docket, Florida Water's request for an RWO rate is effectively the same request made in its last rate proceeding, Docket No. 950495-WS. In that case, Florida Water requested an RWO rate and a private fire protection water rate for all of its jurisdictional service areas, including those where there were no current customers for said services. For reasons unexplained, the Commission approved the private fire protection rate for all service areas, but limited its express approval of RWO rates to those service areas with current customers. Both the private fire protection and RWO rates are calculated by application of simple arithmetic formulae. Florida Water filed the Petition in this case as a means to defer the issue of implementing the RWO rates filed in Docket No. 950495-WS which the Commission did not address.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- LIN \_\_\_\_\_
- OP \_\_\_\_\_
- RC \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS 1 \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER DATE  
07650 JUL 29 97  
FPSC-RECORDS/REPORTING

DOCUMENT NUMBER DATE  
07650 JUL 29 97  
FPSC-RECORDS/REPORTING

Florida Water Services Corporation / P.O. Box 609520 / Orlando, Florida 32860-9520 / Phone 407-650-0000

Water For Florida's Future

**4. According to Order No. PSC-96-1320-FOF-WS, issued on October 30, 1996 in Docket No. 950495-WS docket, customers in all of the wastewater only service areas except Tropical Isles were receiving water service from unmetered private wells. Is this still true?**

A. To Florida Water's knowledge, this is true. Staff should bear in mind, however, that Florida Water generally does not, and has no reason to, initiate studies to determine whether an isolated customer or two not receiving water service from Florida Water is served by any other type of utility.

**5. Do any other situations exist in the utility's service areas, aside from customers receiving water service from unmetered private wells, which make it necessary to have in place an RWO rate?**

A. To Florida Water's knowledge, not at this time. See answer to foregoing question also.

**6. Provide the revenue by service area, that will be generated by the current customers receiving water service from unmetered private wells, which make it necessary to have in place an RWO rate?**

A. Assuming this question pertains to customers in service areas currently without an RWO rate, the answer is as provided in the Petition and the above responses. The additional revenue generated will be negligible. Nonetheless, as explained in the Petition, RWO rates should be in place for when they are needed, and RWO rates will more appropriately allocate costs among wastewater customers.

**7. Provide the anticipated revenue by service area that will be generated by future customers requiring an RWO rate?**

A. Same as answer to foregoing question.

**8. Since, as stated in the application, the need for an RWO rate is occasional and not frequent, why should FWSC not request an RWO rate on a case by case basis?**

A. To do otherwise, i.e. to calculate and file RWO rates on a piecemeal basis as the need becomes pressing, would be duplicative and inefficient for both Florida Water and the Commission. There is no rationale reason for doing in thirty-one separate dockets over time what can be done in one docket now.

**9. Estimate any cost savings which will occur by implementing an RWO rate.**

A. The costs savings generated will be administrative costs associated with repetitive and redundant filings. Florida Water is not in a position to estimate the Commission's costs savings, but believes that the Commission's cost savings would to some degree parallel Florida Water's. Assuming the time and costs associated with each subsequent RWO filing will be roughly the same as it has been for this one filing and assuming minimal further activity will be required for this filing, Florida Water estimates devoting approximately 4 hours of attorney time and 4 hours of Rate Department staff time to each filing. In addition to labor costs, one would have to add costs for copying and noticing, if any, which would depend on the number of customers affected. Staff should understand, however, that Florida Water does not separately account for costs of this kind.

Ms. Blanca Bayo  
Page 3

If you have any questions or comments regarding the above, please call me at (407) 884-8777, ext. 260.

Sincerely yours,

A handwritten signature in black ink that reads "Matthew Feil". The signature is written in a cursive, flowing style.

Matthew Feil, Esq.  
Staff Attorney

c: Tim Vaccaro (by fax)  
Cissy Galloway (by fax)