

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:** March 4, 2010

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Lingo, Rieger, Thompson) *FH SDR JAT use pd*  
Office of the General Counsel (Holley) *JAM JSB*

**RE:** Docket No. 100049-WS – Petition for approval of change in reuse rate by Aqua Utilities Florida, Inc.

**AGENDA:** 03/16/10 – Regular Agenda – Decision on Suspension of Rates – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 03/23/10 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\100049.RCM.DOC

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### Case Background

Aqua Utilities Florida, Inc. (AUF or Utility) is a wholly-owned subsidiary of Aqua America, Inc. AUF provides water and wastewater service in eighty-two certificated service areas (57 water and 25 wastewater systems) in 16 counties. Water and wastewater rates were last established for this Utility in its 2008 rate case.<sup>1</sup>

On January 22, 2010, AUF filed a petition for approval of a change in its reuse rate. This rate is only available to the South Seas service area of Lee County. Within this service area is

<sup>1</sup> See Order No. PSC-09-0385-FOF-WS, issued May 29, 2009, in Docket No. 080121-WS, In re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

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one customer, South Seas Resort Owner, L.L.C. or the South Seas Island Resort (SSIR). As stated in AUF's petition, the requested change in reuse rates involves a wastewater treatment plant (WWTP) owned by AUF, which is located on Captiva Island in Lee County, Florida. AUF is required by law to properly dispose of treated effluent from its WWTP, and has determined that the only feasible disposal site is the SSIR golf course, located adjacent to the wastewater treatment plant. The Florida Department of Environmental Protection requires AUF to be in a contract with the disposal site owner; therefore, AUF has an Effluent and Irrigation Agreement with SSIR. The agreement was written assuming all costs to pipe and deliver the effluent to SSIR would be AUF's responsibility, and SSIR would pay AUF for the volume of effluent delivered pursuant to the reuse rate set forth in AUF's tariff.

AUF is requesting that the Commission approve a special reuse rate which would allow for AUF to provide the effluent to SSIR at no cost. The 60-day statutory deadline for the Commission to suspend AUF's request is March 23, 2010. The Commission has jurisdiction pursuant to Section 367.081, Florida Statutes.

**Discussion of Issues**

**Issue 1:** Should Aqua Utilities Florida, Inc.'s proposed reuse rates be suspended?

**Recommendation:** Yes, Aqua Utilities Florida, Inc.'s proposed reuse rate should be suspended. (Thompson)

**Staff Analysis:** Section 367.091(4), F.S., provides that a change in any rate schedule may not be made without Commission approval. Furthermore, pursuant to Section 367.081(6), F.S., the Commission may withhold consent to the operation of any rate request or any portion thereof by a vote to that effect within 60 days after the date of filing the rate request.

Staff has reviewed the filing and has considered the information filed in support of the rate application and the proposed final rates. Staff believes it is necessary to gather additional information in order to present the Commission with an informed recommendation regarding AUF's tariff proposal.

Therefore, staff recommends that Aqua Utilities Florida, Inc.'s proposed reuse rate be suspended.

**Issue 2:** Should this docket be closed?

**Recommendation:** No. The docket should remain open pending the Commission's decision on the Utility's requested rate change. (Holley)

**Staff Analysis:** The docket should remain open pending the Commission's decision on the Utility's requested rate change.