

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval of new class of  
service for reuse water service in Lee County,  
by Forest Utilities, Inc.

DOCKET NO. 130276-SU  
ORDER NO. PSC-14-0134-PAA-SU  
ISSUED: March 18, 2014

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman  
LISA POLAK EDGAR  
ART GRAHAM  
EDUARDO E. BALBIS  
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING REUSE WATER RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code, (F.A.C.).

Forest Utilities, Inc. (Forest or Utility) is a Class B wastewater utility serving approximately 2,478 customers in Lee County. Forest's 2012 annual report shows annual operating revenue of \$859,351 and a net operating loss of \$65,924. The Utility's service area lies in the South Florida Water Management District and it is located in a designated water resource caution area of the district.

On November 20, 2013, Forest filed an application for approval of a new class of service for reuse water service along with a proposed tariff sheet for its reuse rate. We suspended the tariff filing pending further investigation.<sup>1</sup> By letter dated December 20, 2013, our staff requested additional information from the Utility and the Utility's response was received on January 3, 2014. We have jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

The Utility requested a new class of service for reuse water service for private golf course irrigation at Forest Country Club (Country Club). According to Forest, the Utility has been providing reuse water at no charge to the Country Club since 1989. In the past, the Country Club and Forest were related parties. Currently, there is no affiliation between the Country Club and Forest. The Utility is only permitted by the Florida Department of Environmental Protection

<sup>1</sup> See Order No. PSC-14-0040-PCO-SU, issued January 15, 2014, in Docket No. 130276-SU, In re: Application for approval of a new class of service for reuse water service in Lee County by Forest Utilities, Inc.

(DEP) to provide reuse water to the Country Club. The Utility requested \$0.15 per 1,000 gallons for reuse water to offset the cost associated with providing reuse. Forest has chosen Lee County Utilities, Inc., which currently provides reuse water service at \$0.45 per 1,000 gallons, as a reasonable benchmark for creating its initial rate for reuse water service.

Generally, reuse water rates cannot be determined in the same fashion as other water and wastewater rates. If reuse water rates were based on a utility's investment in rate base, the resulting rates would be too high to garner interest from potential customers. When we analyze reuse water rates, we must consider the type of customers being served and balance the disposal needs of the Utility with the consumption needs of the customers. In addition to reuse, the Country Club has its own well to supplement its irrigation needs. The reuse water provides the Country Club with a less costly means of irrigation than pumping from its own well. Therefore, a reuse water rate should incentivize the Country Club to continue taking the reuse water from the Utility. Both Forest and the Country Club are benefiting from this arrangement. Forest has a means for effluent disposal and the Country Club has a less costly alternative for irrigation.

There are currently eight wastewater systems under our jurisdiction with approved reuse water rates ranging from \$0 to a base facility charge of \$7.37 and a gallonage charge of \$1.10 per 1,000 gallons. According to the DEP's 2012 Reuse Inventory Report of all utilities providing reuse water in Florida, the average rate for reuse water in Lee County (for these systems that charge for reuse water) was \$0.35 per 1,000 gallons. Thus, the Utility's proposed reuse water rate of \$0.15 per 1,000 gallons is reasonable and consistent with our past decisions.<sup>2</sup> According to Forest's 2012 Annual Report, the Country Club was provided 78,840,000 gallons of reuse water, which would result in expected additional revenues of \$11,825 (78,840,000/1,000 x \$0.15) from the sale of reuse water.

Based on these facts, we hereby approve the proposed reuse water rate for Forest as filed. The Utility shall file a proposed customer notice to reflect the approved rate. The approved rate shall be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rate shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customer. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Forest Utilities, Inc.'s proposed reuse water rate, as discussed in the body of this Order, is hereby approved. It is further

---

<sup>2</sup> See: Order Nos. PSC-09-0393-TRF-SU, issued June 2, 2009, in Docket No. 080712-SU, In re: Application for approval of a new class of service for reuse water service in Martin County by Indiantown Company, Inc. and PSC-02-0378-PAA-WS, issued March 20, 2002, in Docket No. 010852-WS, In re: Application for transfer of certificate Nos. 514-W and 446-S in Bay County from Sandy Creek Utilities, Inc. to Sandy Creek Utility Services, Inc.

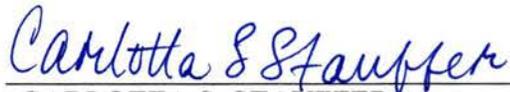
ORDERED that Forest Utilities, Inc.'s water reuse tariff shall be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. It is further

ORDERED that the approved water reuse tariff shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by Forest Country Club. Forest Utilities, Inc. shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that if no protest of the proposed reuse water rate is filed by a person whose interests are substantially affected within 21 days of the issuance of this Order, this Order shall become final upon the issuance of a Consummating Order and the docket shall be closed. It is further

ORDERED that if a protest is timely filed, the water reuse tariff shall remain in effect pending the resolution of the protest, and the docket shall remain open.

By ORDER of the Florida Public Service Commission this 18th day of March, 2014.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

ORDER NO. PSC-14-0134-PAA-SU

DOCKET NO. 130276-SU

PAGE 4

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 8, 2014.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.