

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for approval) DOCKET NO. 940106-WS
of initial water and wastewater) ORDER NO. PSC-94-0961-FOF-WS
plant capacity charges in) ISSUED: August 9, 1994
Barefoot Bay Division in Brevard)
County by FLORIDA CITIES WATER)
COMPANY)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING PLANT CAPACITY CHARGE TARIFFS

BY THE COMMISSION

CASE BACKGROUND

Florida Cities Water Company (FCWC) is a Class A utility which provides water and wastewater service to a predominately residential area in Barefoot Bay. For the twelve months ended December 31, 1993, FCWC recorded operating revenues of \$658,556 for water service and \$821,601 for wastewater service. It also recorded net operating income of \$14,148 for water and \$145,492 for wastewater systems for the same period. The Barefoot Bay systems are in an area that has been designated by the St. Johns Water Management District as a critical use area.

The Barefoot Bay service area consists of a mobile home subdivision of approximately 5,000 lots, with water distribution lines and wastewater collection lines installed to all lots, plus 38 acres of undeveloped land zoned for commercial purposes. As of December 31, 1993, Barefoot Bay served 4,460 water and 4,446 wastewater customers.

FCWC's currently approved tariffs require developers to install, and contribute to the utility, all lines necessary to provide service. Accordingly, all 5,000 lots have water and wastewater lines already in place. Barefoot Bay never had approved plant capacity charges. Those customers already connected only paid tap-in fees.

DOCUMENT NUMBER-DATE

08097 AUG-94

FPSC-RECORDS/REPORTING

PROPOSED PLANT CAPACITY CHARGE TARIFFS

On January 28, 1994, FCWC filed proposed tariffs, pursuant to Section 367.101, Florida Statutes, and this Commission's general tariff approval procedures, for interim and final plant capacity fees of \$275 per equivalent residential connection (ERC) for water and \$680 per ERC for wastewater. By Order No. PSC-94-0451-FOF-WS, issued April 14, 1994, we suspended FCWC's proposed tariffs, pending further investigation, and approved its request to collect the charges on an interim basis, subject to refund.

According to FCWC, the proposed plant capacity charges are designed to recover, on a per ERC basis, the costs of capital investments made between 1988 and 1989, as well as investments in additional water supplies and advanced treatment and reuse facilities for wastewater. The proposed charges will apply to the 300 unsold lots plus the commercial property, for a total of approximately 800 additional ERCs. FCWC states that, once the additional connections have been made, the Barefoot Bay service area will be built-out. Although capacity will still be available, FCWC does not anticipate further growth.

Since Barefoot Bay has never collected plant capacity fees and anticipates little significant growth, it does not expect to reach this Commission's preferred target contribution level of 75 percent. If plant capacity charges were established in order to reach a 75 percent contribution level through the remaining connections, the charges would amount to \$654 for water and \$4,438 for wastewater. These charges are not reasonable compared to capacity charges of comparable utility companies.

Under Rule 25-30.580, Florida Administrative Code, the minimum level of CIAC for the water transmission and distribution systems is 48.04 percent. For the wastewater collection system, the minimum level of CIAC is 30.51 percent. With the proposed plant capacity charges of \$275 for water and \$680 for wastewater, at projected buildout, the contribution levels will equal 65.12 percent for water and 30.64 for wastewater. Since the proposed charges will bring Barefoot Bay within the guidelines of Rule 25-30.580, Florida Administrative Code, without placing the entire CIAC burden on future connections, the proposed plant capacity charges of \$275 for water and \$680 for wastewater are approved.

CORPORATE UNDERTAKING

As noted above, FCWC has been collecting its requested plant capacity charges on an interim basis, subject to refund with

ORDER NO. PSC-94-0961-FOF-WS
DOCKET NO. 940106-WS
PAGE 3

interest. FCWC submitted a corporate undertaking to guarantee any potential refund. However, since the final approved plant capacity charges are the same as those collected on an interim basis, no refund is required. Accordingly, FCWC's \$55,800 corporate undertaking is hereby released.

TEMPORARY CHARGES IN EVENT OF PROTEST

In the event that a timely protest is filed, the plant capacity charge tariffs shall remain in effect and FCWC may collect such charges, on a temporary basis, subject to refund with interest, pending resolution of the protest.

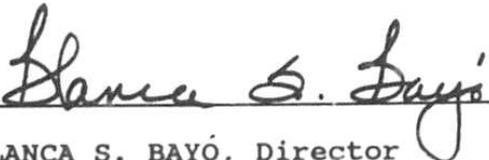
It is, therefore,

ORDERED by the Florida Public Service Commission that Florida Cities Water Company's application for final plant capacity charges of \$275 for water and \$680 for wastewater is approved. It is further

ORDERED that Florida Cities Water Company's \$55,800 corporate undertaking is hereby released. It is further

ORDERED that, in the event a timely protest is filed, the plant capacity charge tariffs shall remain in effect and Florida Cities Water Company may collect such charges, on a temporary basis, subject to refund with interest, pending resolution of the protest.

By ORDER of the Florida Public Service Commission, this 9th day of August, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

RJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 30, 1994.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.