

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Amendment)
of Certificate Number 104-S in Pasco)
County by Hudson Utilities, Inc.)
_____)

Docket No. 981079-SU

Filed: August 26, 1998

**HUDSON UTILITIES, INC.'S
PETITION FOR APPROVAL OF APPLICATION
FOR AMENDMENT OF CERTIFICATE NO. 104-S**

Hudson Utilities, Inc. ("Hudson"), by and through its undersigned attorneys, and pursuant to Section 367.045(2), Florida Statutes and Rules 25-30.030, 25-30.032, and 25-30.036(3), Florida Administrative Code, hereby requests the Florida Public Service Commission ("Commission") to amend Certificate No. 104-S to extend Hudson's service territory in Pasco County to include: (a) the Signal Cove subdivision and a contiguous area adjoining the southern boundary of Hudson's existing service territory; and (b) approximately four to five square miles of primarily unserved territory adjoining the northern and northeastern boundaries of Hudson's existing service territory.

In support of this Petition and Application, Hudson states as follows:

1. All notices, pleadings and orders should be directed to:

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DOCUMENT NUMBER-DATE

09319 AUG 26 88

FPSC-RECORDS/REPORTING

2. Hudson's complete name and address are as follows:

Hudson Utilities, Inc.
14334 Old Dixie Highway
Hudson, Florida 34667

3. Hudson is a Class B wastewater utility providing service to the public in Pasco County, Florida pursuant to Certificate No. 104-S.¹ Hudson provides wastewater collection service to its customers, and contracts with Pasco County for wastewater treatment service pursuant to a Bulk Wastewater Treatment Agreement entered into on June 5, 1990.²

4. On April 28, 1998, Hudson and Pasco County entered into an Addendum to the Bulk Wastewater Treatment Agreement providing for the transfer to Hudson of 131 existing Pasco County wastewater customers in the Signal Cove subdivision along the southern boundary of Hudson's existing service territory. A copy of the Addendum is submitted as part of Exhibit A to Hudson's Application, which is incorporated herein by reference.

5. The Addendum to the Bulk Wastewater Treatment Agreement transfers ownership of Pasco County's facilities and public easements utilized to provide service to the Signal Cove area to Hudson, and amends Hudson's service area as between it and Pasco County to include the Signal Cove area. The Signal Cove area is planned to consist of approximately 400 single family homes, mobile homes, and commercial properties, and includes 382 existing buildings, as stated in Exhibit A to the Application.

6. Pursuant to the Bulk Wastewater Treatment Agreement, Hudson's existing and

¹Order No. 5781 issued June 19, 1973, in Docket No. C-72696-S.

²The Agreement is referenced in Order No. 23846, issued December 10, 1990 in Docket No. 900020-SU, at 90 F.P.S.C. 12:117, 118.

approved tariff includes a surcharge of \$1.00 per 1,000 gallons as part of its gallonage charge. The \$1.00 per thousand gallons is a charge collected by Hudson and remitted to Pasco County to allow the County to recover its impact fee of \$1,611 per wastewater connection imposed by Pasco County on its customers.³ Because the 131 existing customers of Pasco County in the Signal Cove area already have paid these impact fees to Pasco County, the Addendum to the Bulk Wastewater Treatment Agreement provides, at paragraph two, that Hudson's surcharge of \$1.00 per 1,000 gallons will not be charged to the 131 Signal Cove area customers to be transferred from Pasco County to Hudson. Hudson's Application accordingly submits proposed revised tariff sheets Nos. 12.0, 13.0, 14.0 and 15.0, adding a term recognizing the \$1.00 differential in the gallonage charge for the 131 existing Pasco County customers to be transferred to Hudson.

7. The Addendum to the Bulk Wastewater Treatment Agreement further provides, at paragraph seven, that the duration of the \$1.00 surcharge per 1,000 gallons for each customer shall be 25 years, and that Hudson shall institute appropriate proceedings before the Commission by the twenty-fifth anniversary of the Bulk Wastewater Treatment Agreement (i.e., by June 5, 2015) to implement this provision. Hudson's proposed revisions to tariff sheets Nos. 12.0, 13.0, 14.0 and 15.0, accordingly add a term recognizing the 25-year period as to each customer.

8. Hudson's Application also requests the Commission's authorization to extend its service territory to include an area between, and contiguous to, the Signal Cove area and the southern boundary of Hudson's existing service territory. This area includes 396 customers for whom

³Order No. 23846, issued on December 10, 1990 in Docket No. 900020-SU, notes Pasco County's impact fees of approximately \$1,600 per wastewater connection, at 90 F.P.S.C. 12:117, 120.

Hudson has provided wastewater service for several years and has paid all regulatory fees. Hudson erroneously believed that this area was included in its service area, and now seeks to amend its certificate to formally recognize and obtain the Commission's authorization to serve Hudson's customers in this area, as required by Section 367.045(2), Florida Statutes.

9. Included within the area covered by the Bulk Wastewater Treatment Agreement is an area of approximately four to five square miles adjoining the northern and northeastern boundaries of Hudson's existing service territory ("the northern area"). Apart from the Sea Pines, Sea Pines (Ironwood), and Viva Villas⁴ subdivisions situated within the northern area and served by Pasco County, the northern area is not included in the certificated service territory of Hudson or any other wastewater utility. Hudson's Application requests the Commission's authorization to extend its service territory to include this area in order to accommodate expected population growth along U. S. Highway 19 to the north of Hudson's existing service territory, and to accommodate expected population growth adjacent to the Sea Pines and Sea Pines (Ironwood) subdivisions outside the boundaries of Pasco County's service territory as agreed to in the Bulk Wastewater Treatment Agreement.

10. The legal descriptions of the Signal Cove area and the contiguous area adjoining the southern boundary of Hudson's existing service territory, and of the northern area adjoining the northern and northeastern boundaries of Hudson's existing service territory, are provided in Exhibit O to Hudson's Application. A Service Area Location Map depicting Hudson's existing and proposed service areas is provided with Exhibit P to the Application. A Service System Location

⁴Transfer of the Viva Villas system to Pasco County was recognized by Order No. 25576 issued January 7, 1992, in Docket No. 900832-WS, at 92 F.P.S.C. 1:93.

Map showing proposed lines and facilities in the area proposed to be served, is provided with Exhibit Q to the Application.

11. As stated in Exhibit A to the Application, the majority of Hudson's existing and proposed service territory is located in an area federally designated as a flood plain area, which is unsuitable for the efficient use of septic tanks and drain fields. The comprehensive land use plan adopted by Pasco County and the State of Florida requires that coastal areas, including Hudson's existing and proposed service territory, shall be provided with sanitary sewer collection and treatment systems. Pasco County owns and operates regional wastewater treatment and disposal facilities but generally does not provide wastewater collection service. Consequently, in order to accommodate expected population growth in the areas proposed to be added to Hudson's existing service territory, Hudson and Pasco County have extended the term of the Bulk Wastewater Treatment Agreement for ten years, from 2015 to 2025, and have provided for the transfer to Hudson of the Signal Cove service area, as stated in the Addendum to the Bulk Wastewater Service Agreement. The proposed extension of Hudson's service territory is consistent with the comprehensive plan adopted by Pasco County, as stated in Exhibit C to the Application.

12. Permits are being processed by the Department of Environmental Protection for the construction of the sanitary sewers, force mains and pumping stations for the proposed Signal Cove area, as stated in Exhibit E to Hudson's Application. Funding for the construction is in place and is not anticipated to impact Hudson's capital structure, as stated in Exhibit L to the Application.

13. Hudson's rates and charges were established most recently in the Commission's Order No. 23810 issued November 27, 1990 in Docket No. 900293-SU, in response to Hudson's application for a staff-assisted rate case, and were amended most recently by Order No. PSC-98-

0316-AS-SU issued February 23, 1998 in Docket No. 980076-SU. As stated in Exhibit N to Hudson's Application, the proposed extension of Hudson's service territory is not expected to impact Hudson's monthly rates and service availability charges.

14. Hudson is experienced in wastewater utility operations and has the financial ability and technical expertise to provide service to the proposed additional areas. Exhibit K provides a summary of Hudson's technical and financial integrity.

15. Hudson has tariffs and annual reports on file with the Commission, as stated in the Affidavit submitted with Exhibit V to Hudson's Application. Exhibit W to Hudson's Application for Amendment of Certificate No. 104-S supplies copies of sample revisions to Hudson's tariff to reflect the proposed changes to its certificated territory. Exhibit W also provides copies of sample revisions to Hudson's tariff sheets Nos. 12.0, 13.0, 14.0, and 15.0 to reflect the reduced gallonage charge for the 131 existing Pasco County customers to be transferred to Hudson, and to reflect the 25-year sunset of the \$1.00 surcharge component of the Gallonage Charge as to all other Hudson customers.⁵

16. Hudson represents that all of the information required by Rule 25-30.036(3), Florida Administrative Code, for the proposed extension of Hudson's service territory is included within the enclosed Application and Exhibits.

17. Hudson's affidavits regarding notice of the proposed territory extension will be filed

⁵Hudson is concurrently filing an Application for Name Change deleting the fictitious name "dba Hudson Bay Company" from its name, and in connection with that Application is filing a new tariff. The new tariff contains terms identical to Hudson's existing tariff, with the exception of the deletion of "dba Hudson Bay Company" and the Commission's revised form language for wastewater tariffs.

as late-filed exhibits to the Application.

WHEREFORE, Hudson requests that the Commission issue an order extending Hudson's service territory to include (a) the Signal Cove subdivision and the contiguous area adjoining the southern boundary of Hudson's existing service territory and (b) an area approximately four to five square miles north and northeast of Hudson's existing service territory, as described in the system area map and legal description accompany this Application; approving the proposed revisions to Hudson's tariff sheets nos. 12.0, 13.0, 14.0 and 15.0; and amending Certificate No. 104-S accordingly.

Respectfully submitted,


KENNETH A. HOFFMAN, ESQ.

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