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RECORDS AND
REPORTING

MEMORANDUM

November 16, 2000

TO : DIVISION OF LEGAL SERVICES (FUDGE)
DIVISION OF RECORDS AND REPORTING (BAYO)

FROM : DIVISION OF WATER AND WASTEWATER (RIEGER) *SDR* *BSM* *PaOff*

RE : DOCKET NO. 000732-WS; APPLICATION BY SPRUCE CREEK SOUTH UTILITIES INC. FOR AMENDMENT OF CERTIFICATES NOS. 511-W AND 467-S TO ADD TERRITORY IN MARION COUNTY.

Spruce Creek South Utilities Inc. (Spruce Creek or utility) is a Class B water and wastewater utility under Commission jurisdiction that provides water and wastewater service to approximately 2,998 water customers and 2,886 wastewater customers. The utility provides water and wastewater service for three separate service areas in Marion and Sumter Counties. These service areas are: the Preserves, with 576 water and 531 wastewater customers; South, with 1,708 water and 1,699 wastewater customers; and Country Club, with 714 water and 656 wastewater customers. The Annual Report for 1999 shows that the combined annual operating revenue for water and wastewater is \$1,492,761 and the net positive income is \$42,671.

On June 16, 2000, the utility applied for an amendment to Water Certificate No. 511-W and Wastewater Certificate No. 467-S in Marion County, Florida pursuant to Rule 25-30.036(3), Florida Administrative Code. The territory to be amended applies only to the Country Club service area. The processing time for this case was extended by one month in order to allow the utility more time to comply with various application deficiencies pursuant to Rule 25-30.036, Florida Administrative Code. The deficiencies generally involved the areas of financial and technical ability of the utility to provide service, filing of the 1999 annual report, resubmitting a map and legal description, description of lines and treatment plant capacities, and information indicating any impact to the utility's capital structure. The utility has since complied with the above deficiency requirements.

APP
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At the time of the June 16, 2000 filing, Spruce Creek was a wholly owned subsidiary of Del Webb's Spruce Creek Communities, Inc., which was a wholly owned subsidiary of the Del Webb

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Corporation. On August 11, 2000, a joint application to the Commission was made in accordance with Section 367.071, Florida Statutes, for transfer of all water and wastewater facilities of Spruce Creek South Utilities Inc. in Marion and Sumter Counties to Florida Water Services Corporation. The transfer will be processed through Docket No. 001122-WS, which is scheduled for the March 6, 2001, agenda conference. Florida Water Services Corporation took over operations of the utility on June 29, 2000.

The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for amendment of certificate. The application contains a check in the amount of \$2,000 which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence in the form of a warranty deed that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(3)(e), (f) and (I), Florida Administrative Code. A description of the territory requested by the utility is appended to this memorandum as Attachment "A".

The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, that it has tariffs and annual reports on file with the Commission. In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application have been received and the time for such has expired. The local planning agency was provided notice of the application and did not file a protest to the amendment. The Department of Community Affairs states the proposed service territory expansion does not conflict with any other established water and sewer service area in Marion County, and is consistent with the Marion County Comprehensive plan.

According to the amendment application, the water treatment plant is currently permitted at 638,000 gallons per day (gpd). The utility is currently in the process of upgrading its water treatment facility in order to serve the existing and proposed

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territory upon build-out. The new plant will be equipped with 3-12 inch potable wells, each rated at 1,500 gallons per minute (gpm). Storage will be provided by a 300,000 gallon concrete ground storage tank. There will be two high service pumps with a total finished water pumping capacity 5,800 gpm. The new facilities currently under construction are to be completed by June of 2001. The estimated water demand for the proposed development is 350,000 gpd (350 gpd/unit x 1,000 units). According to the utility, there will be in place sufficient water treatment and distribution capacity to provide service to all anticipated needs for such service within the current territory and the needs for the new territory at complete build-out. The utility states that at maximum density, there will be 1,000 single family homes added to its service territory as a result of the extension. Current water distribution facilities are adequately sized and can be easily extended to serve the residential development within the new areas. The Department of Environmental Protection has no outstanding notices of violation issued for this system.

According to the utility, the current permitted wastewater treatment capacity is 100,000 gpd. The average daily flows for calendar year 1999, was 72,532 gpd. The utility is currently at or near completion of expanding its existing treatment facility to 200,000 gpd. The treatment level of this facility will include tertiary treatment which will allow effluent reuse capabilities. Upon completion, treated effluent will then be diverted from the existing spray field irrigation site to public access golf course spray irrigation. With the effluent being fully utilized, it will be sent to an existing 18 hole golf course and a planned additional 18 hole golf course as the sole method of effluent disposal. A second expansion phase of the wastewater treatment plant is due to begin soon, and should provide a rated capacity for sewage treatment of 620,000 gpd. This expansion will be in service in early 2003. Ultimately, there are plans to expand treatment capacity to 1.020 MGD. The utility has indicated that this capacity is more than adequate to service all of the wastewater needs of both the existing and proposed territory at build-out, which should be total wastewater flows of approximately 620,000 gpd. This includes all existing, residential and commercial customers, and the proposed additional residential flows.

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The utility believes that even at build out of the development and full utilization of the treatment facilities, there will still be inadequate reuse water to fully meet the irrigation needs of the two golf courses. Presently, there are no reuse rates and charges in the utility's tariff. Any proposed charges for reuse service will be addressed when an application for a new class of service is filed with the Commission pursuant to Section 367.091, Florida Statutes.

The utility believes that it has the technical ability to provide service to both its existing service territory and the proposed expansion territory for both water and sewer. Like the water system, there are currently in place wastewater collection facilities adequately sized and easily extended to serve the residential development within the new areas. The Department of Environmental Protection has no outstanding notices of violation issued for this system.

The utility has filed revised tariff sheets incorporating the additional territory into its tariff. Staff will issue the utility new certificates and include the additional territory. Spruce Creek's approved water rates were effective pursuant to Order No. 21340, issued June 6, 1989 in Docket No. 881597-SU, an original certificate case. Spruce Creek's approved wastewater rates were effective pursuant to Order No. 25331, issued November 13, 1991 in Docket No. 910746-SU, an original certificate case. Spruce Creek is not proposing any change in service rates or service availability charges as a result of this amendment. The current rates and charges contained in the utility's tariff on file with the Commission should be applied to service in the additional territory.

Based on the above information, staff believes it is in the public interest to grant the application of Spruce Creek South Utilities Inc. for amendment of Water Certificate No. 511-W and Wastewater Certificate No. 467-S. An administrative order should be issued granting the application, within 30 days.

If you have any questions, please contact me immediately.

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cc: Division of Records and Reporting (Security File)

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ATTACHMENT A

SPRUCE CREEK UTILITIES, INC.

WATER AND WASTEWATER ADDITIONAL SERVICE AREA

MARION COUNTY

PARCEL A

The following described land in Marion County, Florida:

The East ½ of SW ¼ of SW ¼ of SW ¼ of Section 10, Township 17 South, Range 23 East, together with that perpetual right-of-way easement described as: Commencing at the SW corner of the East ½ of SW ¼ of SW ¼ of the SW ¼ of Section 10, Township 17 South, Range 23 East; thence West 198.79 feet, thence North 25 feet, thence East 198.79 feet, thence South 25 feet to the Point of Beginning.

PARCEL B

The following described land in Marion County, Florida:

The SE ¼ of the SE ¼ of the SW ¼, except the North 329.43 feet thereof of Section 10, Township 17 South, Range 23 East.

PARCEL C

The following described land in Marion County, Florida:

W ½ of NE ¼ of NW ¼ of Section 3, Township 17 South, Range 23 East.

PARCEL D

That portion of the E ½ of the SW ¼ of the SW ¼, Section 34, Township 16 South, Range 23 East, Marion County, Florida, described as follows:

Begin at the intersection of the southerly right-of-way line of Southeast County Highway C-25 (100 feet wide) with the East line of aforesaid E ½ of the SW ¼ of the SW ¼; thence N 70° 50' 18" W along said right-of-way line 351.39 feet; thence departing said right-of-way line S 00° 01' 36" W, 240.00 feet; thence N 89° 58' 24" W, 135.00 feet; thence N 00° 01' 36" E, 251.70 feet to the point of the curve concave to the southeast with a radius of 25.00 feet and a central angle of 109° 08' 06" and a chord bearing and distance of N 54° 35' 39" E, 40.74 feet; having the distance of the curve 47.62 feet, said point being on the aforesaid south right-of-way line; thence along said right-of-way line run N 70° 50' 18" W, 240.87 feet to the west line of aforesaid E ½ of SW ¼ of SW ¼; thence along said west line run southerly to the SW corner of said E ½ of SW ¼ of SW ¼; thence easterly to the SE corner of said E ½ of SW ¼ of SW ¼; thence along the east line thereof run northerly to the Point of Beginning.

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PARCEL E

Part I

The North 65.88 feet of the South 199.57 feet of the North 463.07 feet of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 10, Township 17 South, Range 23 East, Marion County, Florida.

Part II

The North 263.50 feet of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 10, Township 17 South, Range 23 East, Marion County, Florida.

Part III

An exclusive easement for right-of-way purposes over and across the following described real property:
The East 20 feet of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 10, Township 17 South, Range 23 East, EXCEPT the North 263.50 feet thereof.

PARCEL F

Part I

The Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 3, Township 17 South, Range 23 East, Marion County, Florida.

Part II

The Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 3, Township 17 South, Range 23 East, Marion County, Florida.

Part III

The West $\frac{1}{2}$ of the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 3, Township 17 South, Range 23 East, Marion County, Florida.

PARCEL G

The following described land in Marion County, Florida:
The East $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3, Township 17 South, Range 23 East.

PARCEL H

The following described property in Marion County, Florida:
The East $\frac{3}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ lying South of U.S. Highway No. 441; and all of the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 33, Township 16 South, Range 23 East; and also the West $\frac{1}{4}$ of the SW $\frac{1}{4}$ lying South of U.S. Highway No. 441 in Section 34; Township 16 South, Range 23 East and that part of the West $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ lying South of C-25 and Alt. U.S. 441 in Section 33, Township 16 South, Range 23 East, all lying and being in Marion County, Florida.

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PARCEL I

Part I

The NE ¼ of Section 9, Township 17 South, Range 23 East, Marion County, Florida and a portion of the West ¾ of the North ½ of the SE ¼ being more particularly described as follows:

Commence at the SW corner of the NE ¼ of Section 9 for the Point of Beginning; thence N 89° 56' 22" E, along the South boundary of the NE ¼ of said Section 9, a distance of 1994.91 feet; thence S 00° 00' 31" W, a distance of 893.54 feet; thence 89° 56' 22" W, a distance of 1994.73 feet to the West boundary of the SE ¼ of said Section 9, thence N 00° 00' 10" W, along said West Boundary a distance of 893.54 feet to the Point of Beginning.

Part II

NE ¼ of NE ¼ of SE ¼ of Section 9, Township 17 South, Range 23 East, Marion County, Florida.

Part III

NW ¼ of SW ¼ of NW ¼ of Section 10, Township 17 South, Range 23 East, Marion County, Florida.

Part IV

The SE ¼ of the NE ¼ of the SW ¼ of Section 9, Township 17 South, Range 23 East, and the NW ¼ of the SW ¼ of the SE ¼ of Section 9, Township 17 South, Range 23 East, lying and being in the County of Marion, State of Florida.