

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1662

SPONSOR: Natural Resources Committee and Senator Laurent

SUBJECT: Wastewater Residual Reduction Act

DATE: April 6, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Branning</u>	<u>Voigt</u>	<u>NR</u>	<u>Favorable/CS</u>
2.	<u>Vaccaro</u>	<u>Caldwell</u>	<u>RI</u>	<u>Favorable</u>
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides that private and government owned wastewater utilities in certain specified counties that dispose of wastewater residual sludge from utility operations and septic removal by land spreading in the Lake Okeechobee watershed may impose an additional environmental disposal fee above the present sewer rate to cover the costs of disposal for wastewater residuals.

This bill substantially amends section 373.4595 of the Florida Statutes.

II. Present Situation:

All domestic wastewater treatment facilities that use biological treatment processes generate domestic wastewater residuals as a byproduct of the treatment process. The Department of Environmental Protection regulates the management, use, and land application of residuals so as to ensure protection of the environment and public health. Chapter 62-640, F.A.C. is the department's rule that provides standards for the treatment of residuals to be applied to the land or distributed and marketed; establishes land application criteria; and defines requirements for agricultural operations that have or will receive residuals. These residuals may be composted with yard trash, wood chips, or similar bulking agents and ultimately applied to land or marketed. The level of treatment depends on the manner of disposal or use. Disposal of residuals in a landfill are not governed by this rule.

Residuals may be high in phosphorus, a nutrient that can cause water quality problems depending on concentration and mass loading, as well as the sensitivity of any given water body or watershed. Phosphorus pollution is of particular concern in the Lake Okeechobee/Everglades watershed. Efforts are underway to limit the phosphorus loading in this area.

Chapter 367, F.S., provides the Public Service Commission (PSC) with ratemaking authority over private water and wastewater utilities in those counties that have certified this jurisdiction to the PSC pursuant to s. 367.081(4), F.S. Currently, 36 of Florida's 67 counties have certified their rate-setting jurisdiction to the PSC. Government-owned utilities are not subject to rate regulation by the PSC.

Section 367.081, F.S., generally provides that any utility under the PSC's jurisdiction may only charge rates and charges that have been approved by the commission. Subsection (4) of that section, however, allows for rate increases for specific pass-through items to allow cost recovery of identified costs outside of a full rate case. Currently, certain environmental costs may be passed on to the consumer in this manner; however, pass-through charges for increased residual disposal costs are not specifically identified in s. 367.081, F.S.

III. Effect of Proposed Changes:

This bill amends s. 373.4595, F.S., relating to the Lake Okeechobee Protection Program, to allow private and government owned utilities within Monroe, Dade, Broward, Palm Beach, St. Lucie, Indian River, Okeechobee, Highlands, Hendry and Glades Counties that dispose of wastewater residual sludge from utility operations and septic removal by land spreading in the Lake Okeechobee watershed to use a line item on local sewer rates to cover wastewater residual treatment and disposal if such disposal and treatment is done by approved alternative treatment methodology at a facility located within areas designated by the Governor as rural areas of critical economic concern pursuant to s. 288.0656, F.S. This additional line item is an environmental protection disposal fee above the present sewer rate and is not considered a part of the present sewer rate to customers, notwithstanding provisions to the contrary in ch. 367, F.S.

The bill requires the county commission or its designated assignee, in the county in which the alternative method treatment facility is located, to establish the disposal fee. For utilities and utility authorities that use the additional line item environmental protection disposal fee, such fee is not considered a rate increase under the rules of the Public Service Commission and is exempt from such rules. Utilities using the provisions of this section may immediately include in their sewer invoicing the new environmental protection disposal fee. Proceeds from this environmental protection disposal fee shall be used for treatment and disposal of wastewater residuals including any treatment technology that helps reduce the volume of residuals that require final disposal, but such proceeds shall not be used for transportation or shipment costs for disposal or any costs relating to the land application of residuals in the Lake Okeechobee watershed.

Section 288.0656(7), F.S., allows the Governor to designate by executive order up to three rural areas of critical economic concern. To date, the Governor has issued two executive orders to designate two rural areas of critical economic concern. On November 8, 1999, the Governor designated the counties of Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty and Washington as a Rural Area of Critical Economic Concern. On January 26, 2001, the Governor designated the area within the boundaries of DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee Counties; the area within the city limits of Pahokee, Belle Glade, and South Bay; and the area around Immokalee included within the Round II Federal Rural Enterprise Community as a Rural Area of Critical Economic Concern.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

This bill provides for an additional environmental protection disposal fee to cover the disposal costs for domestic wastewater residuals.

B. Private Sector Impact:

This bill specifically authorizes wastewater utilities in Monroe, Dade, Broward, Palm Beach, Martin, St. Lucie, Indian River, Okeechobee, Highlands, Hendry and Glades Counties that dispose of wastewater residual sludge from utility operations by land spreading in the Lake Okeechobee watershed to charge an additional environmental protection fee over any other such fees that they currently assess to cover the costs of disposal and treatment if such treatment or disposal is done at a facility located within the areas designated by the Governor as rural areas of critical economic concern. This additional fee would not be subject to review by the Public Service Commission as part of their ratemaking authority.

The Governor has designated an area in the Okeechobee watershed as a rural area of critical economic concern. However, there is also an area in the Panhandle of Florida that has also been designated as a rural area of critical economic concern. Presumably disposal and treatment of sludge from the designated counties could be handled by facilities located in the Panhandle; however, transportation and other costs may effectively prevent disposal in this area.

Wastewater utility ratepayers would experience higher costs and the utilities themselves could benefit by passing through residual disposal costs directly to the consumer.

The amount of this new fee and its impact on consumers is not known at this time.

C. Government Sector Impact:

Government owned wastewater utilities are not currently subject to the ratemaking authority of the PSC. Those utilities are subject to local ordinances and regulations governing fee and

tax increases for their citizens. Local fees and taxes are generally subject to public hearings and notices.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
