

# WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Keeping You Informed About Florida

December 2015



## Commissioner Julie Brown

On November 5, 2015, Commissioner Julie Brown was elected Chairman of the Florida Public Service Commission for a two year term beginning January 2016.



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## Florida Public Service Commission Adopts Rules Affecting Water and Wastewater Utilities (Docket No. 150198-WS)

By Susan Clark

On December 16, 2015, the Florida Public Service Commission (FPSC) issued a notice of adoption of Rules 25-30.029, Florida Administrative Code (F.A.C.), *Legal Description of Service Area*, and 25-30.038, F.A.C., *Application for Transfer to a Governmental Authority*, and the amendment of Rules 25-30.030, F.A.C., *Notice of Application*, 25-30.32, F.A.C., *Applications*, 25-30.033, F.A.C., *Application for Original Certificate of Authorization and Initial Rates and Charges*, 25-30.034, F.A.C., *Application for Certificate of Authorization for Existing Utility Currently Charging for Service*, Rule 25-30.035, F.A.C., *Application for Grandfather Certificate*, Rule 25-30.036, F.A.C., *Application for Amendment to Certificate of Authorization to Extend or Delete Service*, 25-30.037, F.A.C., *Application for Authority for Transfer*, 25-30.038, F.A.C., *Application for Transfer to a Governmental Authority*, 25-30.039, F.A.C., *Application for Name Change*, and 25-30.090, F.A.C., *Abandonments*.

- Rule 25-30.029, *Legal Description of Service Area*, is a new rule addressing legal description requirements for applications for a certificate, extension or deletion of service area, or transfer, which were previously located in Rule 25-30.030.
- Rule 25-30.030, *Notice of Application and of Customer Meeting*, is amended to delete the legal description requirements that are relocated into Rule 25-30.029; to clarify by listing the specific applications and relevant rule sections to which this rule applies; to update application titles; to clarify information to be included in notices; and to update and codify existing practice concerning notice publication and persons to whom notices must be sent.
- Rule 25-30.032, *Combined Applications*, is amended to delete the obsolete requirement of filing multiple copies of applications and to reflect that the number of copies to be filed is now addressed in Rule 25-22.028; to delete an unnecessary subsection concerning the official filing date that is now addressed in Rule 25-30.030(5); and to amend the title to reflect that the rule addresses combined applications.
- Rule 25-30.033, *Application for Original Certificate of Authorization and Initial Rates and Charges*, is amended to clarify and update the rule to reflect current Commission practice and to delete vague, obsolete and redundant language; to clarify by codifying the specific information required by applicants to demonstrate the need for service and the technical and financial ability of the applicant to provide service; and to incorporate by reference an example application form and water and wastewater tariff forms that will make the application process easier for applicants.

## FPSC Rulemaking Affecting Water and Wastewater Utilities (continued)

- Rule 25-30.034, *Application for Original Certificate of Authorization for Existing Utility Currently Charging for Service*, is amended to clarify and update the rule to reflect current Commission practice and to delete vague, obsolete and redundant language; to clarify by codifying specific information required by applicants to demonstrate the need for service and the technical and financial ability of the applicant to provide service; and to incorporate by reference an example application form and water and wastewater tariff forms that will make the application process easier for applicants.
- Rule 25-30.035, *Application for Original Certificate of Authorization Following Rescission of Jurisdiction by a County*, is amended to clarify and update the rule to reflect current Commission practice and to delete vague, obsolete and redundant language; to codify specific information required in this type of application, including documentation from the county showing authorization to serve and copies of all Department of Environmental Protection (DEP) and water management permits; and to incorporate by reference an example application form and water and wastewater tariff forms that will make the application process easier for applicants.
- Rule 25-30.036, *Application for Amendment to Certificate of Authorization to Extend or Delete Service Area*, is amended to clarify and update the rule to reflect current Commission practice and to delete vague, obsolete and redundant language; to codify specific information required by applicants to demonstrate the need for service; to require a copy of all current DEP and water management district permits, the most recent sanitary survey, compliance inspection report, secondary standards drinking water report, and correspondence with DEP, the county health department and water management district for the past five years, in order for the Commission to be able to assess the utility's compliance with secondary drinking water standards; and to incorporate by reference an example application form and water and wastewater tariff forms that will make the application process easier for applicants.
- Rule 25-30.037, *Application for Authority to Transfer*, is amended to clarify and update the rule to reflect current Commission practice and to delete vague, obsolete and redundant language; to codify specific information required by applicants when there is a transfer of an exempt entity or utility in a non-jurisdictional county to a Commission regulated utility that results in a system whose service transverses county boundaries; to require a copy of all current DEP and water management district permits, the most recent sanitary survey, compliance inspection report, secondary standards drinking water report, and correspondence with DEP, the county health department and water management district for the past five years, in order for the Commission to be able to assess the utility's compliance with secondary drinking water standards; and to incorporate by reference an example application form and water and wastewater tariff forms that will make the application process easier for applicants.
- Rule 25-30.038, *Application for Transfer to a Governmental Authority*, is a new rule addressing applications for transfer to a governmental authority that were previously submitted pursuant to Rule 25-30.037(4).
- Rule 25-30.039, *Notice of Name Change*, is amended to require a notice of name change instead of an application for name change, consistent with language of the implementing statute, Section 367.1214, F.S; and to codify the practice of requiring the utility to file with the Commission Clerk a statement verifying the date that the notice of name change was sent to the utility customers.
- Rule 25-30.090, *Abandonments*, is amended to improve readability and clarity; to require a receiver to provide the Commission with a copy of the court order of appointment within 10 days of appointment; and to clarify that a receiver who is a governmental authority is not required to file a revised tariff with the Commission.

## Summaries of PSC Orders filed since October 2015 (continued)

### **PSC-15-0400A-AS-WU**—Filed: 10/1/2015

Order is an amendatory order that amends page 18 of Order No. PSC-15-0400 relating to show cause proceedings against Wildwood Water Company in St. John's County.

### **PSC-15-0420-PAA-WU**—Filed: 10/5/2015

Proposed Agency Action (PAA) Order approves the transfer of Crestridge Utilities Corporation's water system located in Pasco County to Crestridge Utilities, L.L.C. with conditions. The conditions include: payment of all regulatory assessment fees (RAF) on time; filing of annual reports on time; meeting all Department of Environmental Protection and Water Management District requirements; responding completely and timely to staff data requests; filing an application for a transfer of a certificate within 90 days of purchase if the transferee in this case acquires other FPSC-regulated utilities; filing an application for a certificate for the Charlie Creek utility and provide a status report on efforts to secure land on which the wastewater facilities are located. The net book value of the transferred facilities was established and no acquisition adjustment was included in rate base. The existing rates and charges remain in effect.

### **PSC-15-0422-PAA-WU**—Filed: 10/6/2015

Proposed Agency Action (PAA) Order approves the transfer of Holiday Garden Utilities, Inc.'s water system in Pasco County to Holiday Gardens Utilities, L.L.C. The net book value of the transferred facilities was established and no acquisition adjustment was included in rate base. Existing rates and charges remain in effect.

### **PSC-15-0423-TRF-WS**—Filed: 10/6/2015

Order approves the transfer of majority organizational control of Orange Blossom Utilities, Inc. (Utility), a water and wastewater utility providing service in Sumter County from Nancy Steinmetz Roach to Jonathan S. Dean. The order also authorizes the Utility to institute a non-sufficient funds charge for the collection of worthless checks, drafts or orders of payment and sets out a graduated schedule for such charges. All other existing rates and charges remain in effect.

### **PSC-15-0513-CO-WU**—Filed: 10/30/2015

Consummating Order makes effective and final Order No. PSC-15-0420-PAA-WU, approving the transfer, with conditions, of Crestridge Utilities Corporation's water system in Pasco County to Crestridge Utilities, L.L.C.

### **PSC-15-0514-CO-WU**—Filed: 10/30/2015

Consummating Order makes effective and final Order No. PSC-15-0422-PAA-WU, approving the transfer of Holiday Gardens Utilities, Inc.'s water system in Pasco County to Holiday Gardens Utilities, L.L.C.

### **PSC-15-0517-CO-WS**—Filed: 11/2/2015

Consummating Order makes effective and final Order No. PSC-15-0423-TRF-WS, approving the transfer of majority organizational control of Orange Blossom Utility, Inc. in Sumter County from Nancy Steinmetz Roach to Jonathan S. Dean and establishing a non-sufficient funds charge.

### **PSC-15-0519-TRF-WS**—Filed: 11/3/2015

Order approves changes in miscellaneous service charges for Marion Utilities for water and wastewater service in Marion County. The charges approved are for: initial connections; normal connections; violation connections; premise visits; initial deposits; meter tampering; a convenience charge for customers who opt to pay their bill by debit or credit card; and a charge for non-sufficient funds.

## Summaries of PSC Orders filed since October 2015 (continued)

### **PSC-15-0535-PAA-WU**—Filed: 11/19/2015

Proposed Agency Action (PAA) Order approves a rate increase in a staff-assisted rate case (SARC) for water service for service from Cedar Acres, Inc. (Utility) in Sumter County. The water service was found to be unsatisfactory over “repetitive billing issues, including meter and billing accuracy, and the overall management practices of the utility” and Department of Environmental Protection (DEP) and Department of Health (DOH) compliance issues. The order outlines steps the Utility must take to improve the Utility’s service to customers. The water treatment plant and water distribution system were found to be 100% used and useful (U&U). Adjustments were made to rate base and operating expenses and revenues, including reductions in salaries due to the poor service quality. The return on equity was set at 8.74% using the Commission-approved leverage formula. However, the Operating Ratio Methodology (ORM), rather than ROE, was used to determine revenue requirements for rate-setting purposes. A 225.59% increase in rates was approved. The rate structure approved included a base facilities charge (BFC) designed to recover 40% of the revenue requirement and a gallonage charge. A repression adjustment was made in the calculation of the rates and the Utility was allowed to continue bi-monthly billing. Finally, charges for late payments, initial customer deposits, violation reconnection, and non-sufficient funds were also established. An escrow account was established for the approved meter replacement program which includes utilizing the reductions in officers’ salaries to help fund the account.

### **PSC-15-0550-CO-WS**—Filed: 12/1/2015

Consummating Order makes effective and final Order PSC-15-0519-TRF-WS approving several miscellaneous service charges for Marion Utilities for water and wastewater service in Marion County.

### **PSC-15-0554-FOF-WU**—Filed: 12/2/2015

Order acknowledges the transfer of Residential Water System in Marion County to Marion County and cancels water Certificate No. 419-W.

### **PSC-15-0561-CFO-SU**—Filed: 12/9/2015

Order grants Utilities, Inc. of Sandalhaven's request for confidential classification of certain portions of the utility’s financial statements and certain responses to staff data requests. The information classified as confidential includes financial information not available to the public that could, if disclosed, adversely impact the utility’s ability to conduct its business in the most cost effective manner and the utility’s federal tax return.

### **PSC-15-0535A-PAA-WU**—Filed: 12/14/2015

Amendatory Order amends the title of Order PSC-15-0535-PAA-WU to remove the reference to wastewater rates from the title.

### **PSC-15-0563-CO-WU**—Filed: 12/14/2015

Consummating Order makes effective and final Order No. PSC-15-0535-PAA-WU as amended by Order PSC-15-0535A-PAA-WU approving a rate increase for water service in Sumter County from Cedar Acres Utility.

### **PSC-15-0566-PAA-WS**—Filed: 12/15/2015

Order establishes 2016 price increase and decrease index for major categories of operating costs incurred by water and wastewater utilities pursuant to Section 364.081(4)(a), F.S.

### **PSC-15-0569-PAA-WS**—Filed: 12/16/2015

Proposed Agency Action (PAA) Order approves a rate increase for water and wastewater service in Polk County in a staff-assisted rate case (SARC) for Orchid Springs Development Corporation (Orchid Springs or Utility). The quality of service was found to be satisfactory. Both the water system and the wastewater system were found to be 100% used and useful (U&U). Adjustments were made to rate base and operating expenses, including an adjustment to purchased power and chemicals due to excessive amounts of unaccounted for water. The return on equity (ROE) was set at 9.38% based on the Commission-approved leverage formula; however, water rates were set using the Operating Ratio Methodology (ORM) based on specified criteria including a finding that the use of the traditional ROE method would not provide sufficient revenue to protect against potential variances in revenues and expenses. A 69.64% increase in wastewater rates and a .23% increase in water rates was approved.

## Summaries of PSC Orders filed since October 2015 (continued)

Given the small increase in water rates, no change was made to the existing rate structure for water service. The rate structure for wastewater service included a base facilities charge (BFC) designed to recover 50% of the revenue requirement with a gallowage charge capped at 6,000 gallons for residential service and a 1.2 times greater gallowage charge for general service. Approval was also given for late payment and non-sufficient fund charges and an increase in the initial customer deposit for wastewater service. However, the Utility was required to refund late payment charges collected between 20011 and 2015 because the Utility had collected the charges without the appropriate tariff.

### **PSC-15-0576-PAA-WS**—Filed: 12/21/2015

Proposed Agency Action (PAA) Order approves transfer of East Marion Sanitary Systems water and wastewater systems in Marion County to East Marion Utilities. The netbook value of the transferred facilities was established. No acquisition adjustment was requested and none was approved. Existing rates and charges remain in effect.

### **PSC-15-0577-PAA-WS**—Filed: 12/21/2015

Proposed Agency Action (PAA) Order grants a refund to Eagleridge I, LLC (Eagleridge) a developer of properties in Lake County, Florida, from Lake Utility Services, Inc. (LUSI or Utility) of System Capacity Charges for wastewater connections to LUSI's wastewater system. The Utility had imposed a higher wastewater main extension charge than that agreed to in a contract between the Utility and Eagleridge based on the FPSC's Order approving an increase in the Utility's main extension charge. The FPSC ordered a refund of the difference between the agreed-to charge and the new FPSC-approved charge finding that Eagleridge's connection to the Utility's system was complete prior to the increase in the main extension charge and therefore it was an error for the Utility to charge the higher fee.

### **PSC-15-0588-PAA-WU**—Filed: 12/29/2015

Proposed Agency Action (PAA) Order approves a rate increase for water service in Pasco County in a staff-assisted rate case (SARC) for Holiday Gardens Utilities (Holiday Gardens or Utility). The quality of service was found to be satisfactory, and the water system was found to be 100% used and useful (U&U). Adjustments were made to rate base and operating expenses. The return on equity (ROE) was set at 11.16% based on the Commission-approved leverage formula. A 69.83% increase in rates was approved. The rate structure approved included a base facilities charge (BFC) designed to recover 45% of the revenue requirement and a gallowage charge, with separate charges for non-discretionary usage (3,000 gallons or less) and discretionary usage, for residential services and a uniform gallowage charge for general service. A repression adjustment was made in the calculation of rates. An increase in the initial customer deposit was authorized and charges for non-sufficient funds were authorized. A revenue increase for Phase II pro forma rate base additions was also authorized. The Phase II rate increase (a 1.18% increase over Phase I rates) is conditioned upon Holiday Gardens completing the pro forma items within 12 months of the issuance of a consummating order and Staff's verification of such completion.

### **PSC-15-0592-PAA-WU**—Filed: 12/30/2015

Proposed Agency Action (PAA) Order approves a rate increase for water service in Pasco County in a staff-assisted rate case (SARC) for Crestview Utilities LLC (Crestview or Utility). The quality of service was found to be satisfactory and the water system was found to be 100% used and useful (U&U). Adjustments were made to rate base and operating expenses. The return on equity (ROE) was set at 11.16% based on the Commission-approved leverage formula. An 82.68% increase in rates was approved. The rate structure approved included a base facilities charge (BFC) designed to recover 50% of the revenue requirement and a gallowage charge, with separate charges for non-discretionary usage (3,000 gallons or less) and discretionary usage, for residential service and a uniform gallowage charge for general service. A repression adjustment was made in the calculation of rates. An increase in the initial customer deposit was authorized and charges for non-sufficient funds were authorized. A revenue increase for Phase II pro forma rate base additions was also authorized. The Phase II rate increase (a 2.04% increase over Phase I rates) is conditioned upon Crestview completing the pro forma items within 12 months of the consummating order and Staff's verification of the completion.

## FPSC W/W Dockets OPENED (since October 2015)

**150215-WU**—Date Opened: 10/7/2015

Request for approval of tariff amendment to include miscellaneous service charges for the Earlene and Ray Keen Subdivisions and the Ellison Park Subdivision in Polk County, by Keen Sales, Rentals and Utilities, Inc.

**150224-WU**—Date Opened: 10/16/2015

Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

**150230-WU**—Date Opened: 10/27/2015

Application for amendment of Certificate of Authorization No. 247-W, to extend water service area to include land in Seminole County, by Sanlando Utilities Corporation.

**150235-WS**—Date Opened: 11/2/2015

Joint application for acknowledgement of corporate reorganization and request for approval of name changes on water and/or wastewater certificates of Cypress Lakes Utilities, Inc. in Polk County; Utilities, Inc. of Eagle Ridge in Lee County; Utilities, Inc. of Florida in Marion, Orange, Pasco, Pinellas, and Seminole Counties; Labrador Utilities, Inc. in Pasco County; Lake Placid Utilities, Inc. in Highlands County; Lake Utility Services, Inc. in Lake County; Utilities, Inc. of Longwood in Seminole County; Mid-County Services, Inc. in Pinellas County; Utilities, Inc. of Pennbrooke in Lake County; Utilities, Inc. of Sandalhaven in Charlotte County; Sanlando Utilities Corporation in Seminole County; and Tierra Verde Utilities, Inc. in Pinellas County, to Utilities, Inc. of Florida.

**150236-WS**—Date Opened: 11/3/2015

Application for a staff-assisted rate case in Lake County, by Lake Idlewild Utility Company.

**150254-WU**—Date Opened: 11/30/2015

Application for approval of new class of service for private fire protection service, by Bocilla Utilities, Inc.

**150257-WS**—Date Opened: 12/3/2015

Application for staff-assisted rate case in Marion County, by East Marion Utilities, LLC.

**150260-WS**—Date Opened: 12/10/2015

Application for approval of late payment charges and return check (NSF) charge and request for approval of amendment to tariff sheets for miscellaneous service charges in Lake County for Brendenwood Waterworks, Inc., Harbor Waterworks, Inc., Lake Idlewild Waterworks, Inc., and Raintree Waterworks, Inc. and in Highlands County for Country Walk Utilities, Inc. by U.S. Water Services Corporation.

**150261-WU**—Date Opened: 12/10/2015

Application for approval of new class of service for private fire protection service in Highlands County, by LP Waterworks, Inc.

**150264-WS**—Date Opened: 12/14/2015

Notice of abandonment of water and wastewater systems in Charlotte County by Sun River Utilities, Inc.

**150269-WS**—Date Opened: 12/30/2015

Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida.

### Trivia

By Pam Keillor

Florida has more than 11,000 miles of rivers, streams & waterways.

<http://www.stateofflorida.com/facts.aspx>



## FPSC W/W Dockets CLOSED (since October 2015)

**120285-SU**—Date Opened: 11/9/2012—Date Closed: 11/20/2015  
Application to transfer wastewater facilities and Certificate No. 137-S in Brevard County from Colony Park Utilities, Inc. to Colony Park Development Utilities, LLC.

**140060-WS**—Date Opened: 3/25/2014—Date Closed: 10/20/2015  
Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

**140135-WS**—Date Opened: 6/19/2014—Date Closed: 11/17/2015  
Application for increase in water/wastewater rates in Pasco County by Labrador Utilities, Inc.

**140147-WS**—Date Opened: 8/6/2014—Date Closed: 10/15/2015  
Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.

**140158-WS**—Date Opened: 8/22/2014—Date Closed: 11/30/2015  
Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

**150092-WS**—Date Opened: 3/23/2015—Date Closed: 12/4/2015  
Request for approval of amendment to tariff for miscellaneous service charges by Marion Utilities, Inc.

**150113-WS**—Date Opened: 4/2/2015—Date Closed: 11/2/2015  
Application for transfer of majority organizational control of Orange Blossom Utilities, Inc., holder of Certificate Nos. 639-W and 548-S in Sumter County, from Nancy Steinmetz Roach to Jonathan S. Dean.

**150189-WU**—Date Opened: 8/28/2015—Date Closed: 12/2/2015  
Application for transfer of water facilities to Marion County Utility, and cancellation of Certificate No. 419-W, by Residential Water System, Inc.

**150198-WS**—Date Opened: 9/10/2015—Date Closed: 12/16/2015  
Proposed adoption of Rules 25-30.029 and 25-30.038 and amendment of Rules 25-30.030, 25-30.032, 25-30.033, 25-30.034, 25-30.035, 25-30.036, 25-30.037, 25-30.039, and 25-30.090, F.A.C.

**150254-WU**—Date Opened: 11/30/2015—Date Closed: 12/16/2015  
Application for approval of new class of service for private fire protection service, by Bocilla Utilities, Inc.

**150261-WU**—Date Opened: 12/10/2015—Date Closed: 12/16/2015  
Application for approval of new class of service for private fire protection service in Highlands County, by LP Waterworks, Inc.

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## Experience.Service.Success.

The Radey Law Firm believes that service to clients must be efficient and dedicated. Our location in Tallahassee, Florida, provides us the opportunity to be at the heart of the regulatory, legislative, and judicial arenas. The Water & Wastewater Industry Quarterly Report is provided to our clients and friends in a condensed summary format and should not be relied upon as a complete report nor be considered legal



### Upcoming Events - Mark Your Calendars

Date	Event	Location
6:00 pm Feb. 10, 2016	Docket No. 150010-WS—Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.	Melbourne Beach
3:00 pm Feb. 11, 2016	Docket No. 150149-WS—Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.	Okeechobee
Feb. 15-17, 2016	NARUC	Washington, D.C.
6:00 pm March 16, 2016	Docket No. 150209-WS—Application for staff-assisted rate case in Sumer County by The Woods Utility Company	Webster

## Radey Family News



Associate Laura McDonald Dennis and her husband Brett became proud parents of a daughter, Matilda Ruth, on September 24, 2015.

