

WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Keeping You Informed About Florida

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RADEY
ATTORNEYS & COUNSELORS at LAW

New Florida Public Service Commissioner

By: Susan Clark

On September 15, 2016, Governor Rick Scott appointed Mr. Donald Polmann to a four-year term on the FPSC starting January 2017. Mr. Polmann fills the vacancy on the Commission created by the expiration of Commissioner Lisa Edgar's term. Mr. Polmann is an engineer currently employed by Atkins North America, Inc. as a senior project director. He was previously employed by Tampa Bay Water, a regional water supply authority, as Director of Science and Engineering.

Florida Public Service Commission Initiates Rulemaking

By Susan Clark

- Rule 25-30.445, *General Information and Instructions Required of Water and Wastewater Utilities in an Application for Limited Proceeding*

On July 27, 2016, the FPSC issued a Notice of Development of Rulemaking to amend the Rule 25-30.445, (*General Information and Instructions Required of Water and Wastewater Utilities in an Application for Limited Proceeding*), Florida Administrative Code (F.A.C.). The Staff proposes to amend Rule 25-30.445, F.A.C., to require that in an application for a limited proceeding a water utility provide copies of all customer complaints received in the last five years regarding secondary water quality standards set by the Department of Environmental Protection (DEP), along with the utility's most recent secondary water quality test results.

- Rule 25-30.425, *Pass Through Rate Adjustment*, and 25-30.455, *Staff Assistance in Rate Cases*

On September 19, 2016, the FPSC issued a Notice of Development of Rulemaking Workshop to amend Rules 25-30.425, *Pass Through Rate Adjustment* and 25-30.455, *Staff Assistance in Rate Cases*, F.A.C., to implement amendments to Sections 367.081, and 367.0814, Florida Statutes, by Chapter 2016-226, Laws of Florida. The workshop will be held October 7, 2016, in Tallahassee.

The amendments to Rule 25-30.425, F.A.C., set out the categories of rates, fees or costs for specific expenses for which a water or wastewater utility can adjust its rates using the pass through rate adjustment mechanism authorized by Section 367.081(4)(b), Florida Statutes, including: water or wastewater service purchased from a governmental authority or a utility regulated by the FPSC; purchased electric power; ad valorem taxes; National Pollutant Discharge Elimination System Permit Program; FPSC imposed regulatory assessment fee; water or wastewater quality testing required by the Department of Environmental Protection (DEP); wastewater biosolids disposal, tank inspection required by DEP or local authority; plant operator license fees; plant operating permit fees; and consumptive or water use permit fees. Notice and filing requirements are also specified and methods for allocating the rate increase or decrease are provided.

Florida Public Service Commission Initiates Rulemaking, cont'd.

The amendment to Rule 25-30.455, F.A.C., deletes the provision in the rule authorizing the recovery of expenses for utility-employed outside experts to assist the utility in a staff assisted rate case (SARC). (Chapter 2016-226, Laws of Florida, prohibits the recovery of expenses for utility-employed experts prior to the initial staff report in a SARC unless the Office of Public Counsel or other interested party has intervened in the case.)

- Rule 25-30.444, *General Information and Instructions Required of Water and Wastewater Utilities to Create a Utility Reserve Fund*

On September 23, 2016, the FPSC issued a Notice of Development of Rulemaking to create Rule 25-30.444, *General Information and Instructions Required of Water and Wastewater Utilities to Create a Utility Reserve Fund*, F.A.C. The rule implements the provisions of Chapter 2016-226, Laws of Florida, authorizing the creating of reserve funds for utility infrastructure repair and replacement.

The Florida Public Service Commission Holds Workshops in Cooperation With The Florida Rural Water Association

During the months of July and August the Florida Public Service Commission (FPSC) Staff and the Florida Rural Water Association (FRWA) held workshops throughout the state for Class C water and wastewater utilities (a water or wastewater utility whose total gross annual operating revenues is less than \$250,000, or, for a water and wastewater utility, revenues of less than \$500,000 on a combined basis). The purpose of the workshops was to provide information and training on “planning, organization and recordkeeping critical to providing quality utility service” and maintaining a healthy utility. Areas covered in the workshops included:

- Understanding the relationship between the FPSC and utilities;
- Filing price index requests to address costs outside the utility’s control;
- Comprehending Florida Statutes and FPSC rules;
- Avoiding unintentional rule violations; and
- A briefing on recent legislative changes.

In addition to the FPSC, Mr. Gary Williams, the Executive Director of the FRWA, provided an update on legislative activities.

The workshops were the result of a recommendation by the Study Committee on Investor Owned Water and Wastewater Utility Systems (Study Committee) established by the Florida Legislature in 2012 (Chapter 2012-187, Laws of Florida). The recommendation was that the FPSC improve its outreach to investor-owned water and wastewater utilities by engaging with the utilities, providing access to educational resources, communicating regarding the availability of funding and providing training seminars.

The FPSC staff will be adding a video to the FPSC website of the presentations made at the workshops.



Summaries of PSC Orders filed since July 2016

PSC-16-0249A-PCO-WS—Date Filed: 07/12/2016

Amendatory Order amends Order No. PSC-16-0249-PCO-WS approving interim rates for Ni Florida, LLC for water and wastewater service in Pasco County Florida to correct schedules 4A and 4B which show the interim rates that were approved.

PSC-16-0277-CFO-WU—Date Filed: 07/19/2016

Order grants Raintree Waterworks, Inc.'s request for confidential classification of information regarding customer names and account and telephone numbers.

PSC-16-0284-CO-WS—Date Filed: 07/25/2016

Consummating Order makes effective and final Order No. PSC-16-0254-PAA-WS which continues the current leverage formula for establishing ranges of returns on common equity for water and wastewater utilities of 8.75% to 11.16%.

PSC-16-0285-FOF-WU—Date Filed: 07/25/2016

Order approves Little Gasparilla Water Utility, Inc.'s second request for an extension of time to complete the required phase II pro forma construction (new building and meter replacements) to December 15, 2016.

PSC-16-0286-CO-WU—Date Filed: 07/25/2016

Consummating Order makes effective and final Order No. PSC-16-0256-PAA-WU approving a rate increase for Raintree Waterworks, Inc. for water service in Lake County.

PSC-16-0292-CO-WS—Date Filed: 07/25/2016

Consummating Order makes effective and final Order No. PSC-16-0253-TRF-WS approving a late payment charge and Non-Sufficient Funds charge for Utilities, Inc. of Florida for water and wastewater service in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas and Seminole Counties.

PSC-16-0296-PAA-WS—Date Filed: 07/27/2016

Proposed Agency Action Order grants a rate increase to Utilities, Inc. of Florida's for water service in Marion and Seminole Counties in a limited proceeding addressing the galvanized service line replacement costs in Marion County and interconnection plant addition costs in Seminole County. A rate increase of 29.73% was approved for water service in Marion County for the replacement of the galvanized service lines. A rate increase of 1.67% was approved for water service in Seminole County for the interconnection project.

PSC-16-0305-PAA-WU—Date Filed: 07/28/2016

Proposed Agency Action Order approves a rate increase for Lake Idlewild Utility Company (Utility) for water service in Lake County. The overall quality of the service was found to be satisfactory. The water treatment plant and distribution systems were found to be 100% used and useful (U&U) and no adjustments were made for excessive unaccounted for water (EUW). Adjustments to rate base were to the accumulated depreciation balance and the amortization of contributions-in-aid-of-construction (CIAC), and the one eighth of operation and maintenance expense formula was used for calculating working capital. A \$499 reduction in operating and maintenance expenses was also made. The return on equity was set at 8.74% based on the Commission-approved leverage formula. The rate structure approved included a base facilities charge (BFC) designed to recover 31.5% of the revenue requirement and separate gallonage charges for nondiscretionary (3,000 gallons per month) usage and discretionary (above 3,000 gallons) usage for residential customers. Although the Utility has no general service, irrigation or private fire protection service, the Utility requested, and the Commission approved, rates and rate structure for those services. A repression adjustment was included in the rate calculation. The Commission also authorized the Utility to begin charging an initial deposit for resident and general service customers. A rate increase of approximately 32% was approved.

Summaries of PSC Orders filed since July 2016 (continued)

PSC-16-0342-CO-WS—Date Filed: 08/22/2016

Consummating Order makes effective and final Order No. PSC-16-0296-PAA-WS granting a rate increase for water service by Utilities, Inc. of Florida in Marion and Seminole Counties.

PSC-16-0351-FOF-WU—Date Filed: 08/23/2016

Order finds that Cedar Acres, Inc. (Utility), which provides water service in Sumter County, to be in substantial compliance with the order in the Utility's last rate case, Order No. PSC-15-0535-PAA-WU, relating to measures to be taken to improve the Utility's service to customers. The measures included a Commission Staff management audit of billing and management practices. The Commission found the Utility had incorporated many suggestions made in the management audit and was making a substantial effort to comply with Order No. PSC-15-0535-PAA-WU, and, as a result, found that a show cause order for non-compliance with the order was not appropriate. The Utility was also ordered to file a 12-month compliance report by December 14, 2016.

PSC-16-0352-CO-WU—Date Filed: 08/24/2016

Consummating Order makes effective and final Order No. PSC-16-0305-PAA-WU granting a rate increase to Lake Idlewild Utility Company for water service in Lake County.

PSC-16-0364-PCO-WU—Date Filed: 08/29/2016

Order suspends Bocilla Utilities, Inc.'s request for a rate increase for water service in Charlotte County. Interim rates reflecting an increase of 16.33% were approved.

PSC-16-0370-PAA-WS—Date Filed: 09/14/2016

Proposed Agency Action Order grants a rate increase to Silver Lake Utilities, Inc. (Utility) for water service in Glades and Highlands Counties in a staff assisted rate case (SARC). The overall quality of the service was found to be satisfactory. The water treatment plant was found to be 75.62% used and useful (U&&) and the distribution systems were found to be 100% U&U. Adjustments were made to rate base and operating expenses and the return on equity was set at 10.58% based on the Commission-approved leverage formula. A rate increase of 335.20% was approved. The existing rate structure of a base facilities charge (BFC) and a two-tiered inclining block structure for residential customers was continued, as was the rate structure for general service customers and raw water irrigation customers (a BFC and gallonage charge). The existing rates for bulk raw water service and bulk treated water service were continued (although at this time the Utility has no bulk water customers). A repression adjustment was not included in the calculation of rates, which would typically be done when such a significant revenue increase is approved (335.20%); however, because the customers' bills are paid by the parent company of the Utility's, Lykes Bros., Inc., rather than the customers, a repression adjustment was not included. Existing service availability charges were continued. An initial customer deposit requirement was set at \$340 for residential service (5/8" x 3/4" meter size) and for all other residential and general service meter sizes the initial deposit was set at two times the estimated average bill for two months.

PSC-16-0372-PCO-SU—Date Filed: 09/15/2016

Order by prehearing officer (Patronis) revising Order Establishing Procedure (OEP) PSC-16-0194-PCO-SU to extend the time for filing of intervenor testimony and exhibits from September 9, 2016, to September 14, 2016.

PSC-16-0406-FOF-SU—Date Filed: 09/22/2016

Order approves the amendment of Commercial Utilities' (Utilities) certificate of authority to provide wastewater service in Duval County to add territory to allow Utilities to provide wastewater service to Church's Chicken Restaurant and Krystal Restaurant on Normandy Boulevard.

Summaries of PSC Orders filed since July 2016 (continued)

PSC-16-0414-PCO-SU—Date Filed: 09/28/2016

Order grants in part and denies in part K.W. Resort Utilities Corp.'s (KWRU) motion to compel discovery from the Office of Public Counsel (OPC). The prehearing officer (Patronis) found KWRU's discovery questions (interrogatories) related to OPC's statements that there were issues of material fact were not premature and therefore OPC was required to provide responses. Further OPC was required to identify specific documents supporting answers to interrogatories. The prehearing officer denied the motion to compel regarding KWRU's request that OPC provide all documents OPC intends to introduce into evidence at the hearing.

PSC-16-0415-PCO-SU—Date Filed: 09/28/2016

Order grants in part and denies in part K.W. Resort Utilities Corp.'s (KWRU) motion to compel discovery from Monroe County. The prehearing officer (Patronis) granted the motion with respect to an interrogatory asking Monroe County to specify the basis for the County's protest to the overall rate levels and rate structures and with respect to specifying documents within the docket file (including identifying specific MFRs) and pages within documents that support or are related to answers provided to interrogatories.



Upcoming Events - Mark Your Calendars

Date	Event	Location
Oct. 3—10:00 am	Docket No. 150071-SU—KW Resort Case — Issue ID	Room 105
Oct. 4—6:00 pm	Docket No. 150257-WS—East Marion Utilities — Customer Meeting	Ocklawaha
Oct. 7—9:30 am	Undocketed—W&W Rule Development Workshop	Room 105
Oct. 28—9:30 am	Docket No. 150071-SU—KW Resort Case—Prehearing	Room 148
Nov. 7-9- 10:00/9:30	Docket No. 150071-SU—SW Resort Case— Hearing	
Nov. 14-16, 2016	NARUC	La Quinta, CA

FPSC W/W Dockets OPENED (since July 2016)



160165-SU—Date Opened: 7/12/2016
Application for staff-assisted rate case in Gulf County by ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc.



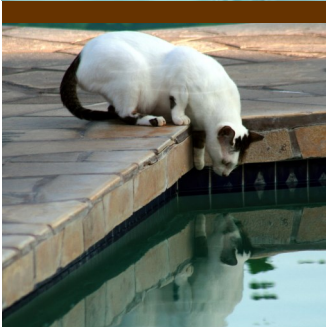
160169-WU—Date Opened: 7/13/2016
Application for authority to transfer water system and Certificate No. 450-W from Pine Harbour Waterworks, Inc. in Lake County.



160176-WS—Date Opened: 7/27/2016
Application for staff-assisted rate case in Polk County by Four Lakes Golf Club, Ltd.



160185-WS—Date Opened: 8/05/2016
Application for staff-assisted rate case in Charlotte and DeSoto Counties by North Charlotte Waterworks, Inc.



160193-WU—Date Opened: 8/25/2016
Application for transfer of majority organizational control of McLeod Gardens Water Company, holder of Certificate No. 619-W in Polk County, from McLeod Gardens Water Company to McLeod Gardens Water Utilities, LLC.



160195-WS—Date Opened: 8/26/2016
Application for staff-assisted rate case in Lake County by Lakeside Waterworks, Inc.



FPSC W/W Dockets CLOSED (since July 2016)

150069-WS—Date Opened: 2/26/2015—Date Closed: 7/01/2016
Settlement proposal for possible overearnings by Southlake Utilities, Inc. in Lake County.

150199-WU—Date Opened: 9/11/2016—Date Closed: 08/08/2016
Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

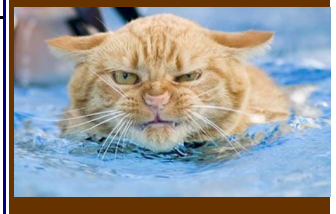
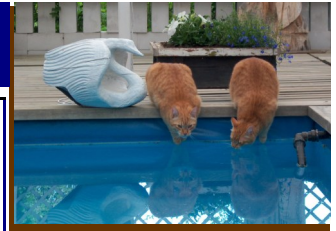
150236-WU—Date Opened: 11/03/2015—Date Closed: 9/13/2016
Application for staff-assisted rate case in Lake County, by Lake Idlewild Utility Company.

160022-SU—Date Opened: 1/15/2016—Date Closed: 07/27/2016
Application for certificate to provide wastewater service in St. Lucie county by Tropical Isles Utility Corporation.

160095-SU—Date Opened: 4/21/2016—Date Closed: 9/22/2016
Application for amendment of Certificate No. 164-S to extend territory in Duval County by Commercial Utilities/A Division of Grace & Company, Inc.

160104-WS—Date Opened: 4/29/2016—Date Closed: 9/29/2016
Application for NSF and late payment charges in Charlotte, Highlands, Lkae, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities Inc. of Florida.

160185-WS—Date Opened: 8/05/2016—Date Closed: 9/16/2016
Application for staff-assisted rate case in Charlotte and DeSota Counties by North Charlotte 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

Radey Family News



Brittany Adams Long

Radey Shareholder Brittany Adams Long Joins Leadership Tallahassee Class 34

Shareholder Brittany Adams Long has been accepted into the 2016 – 17 class of Leadership Tallahassee.

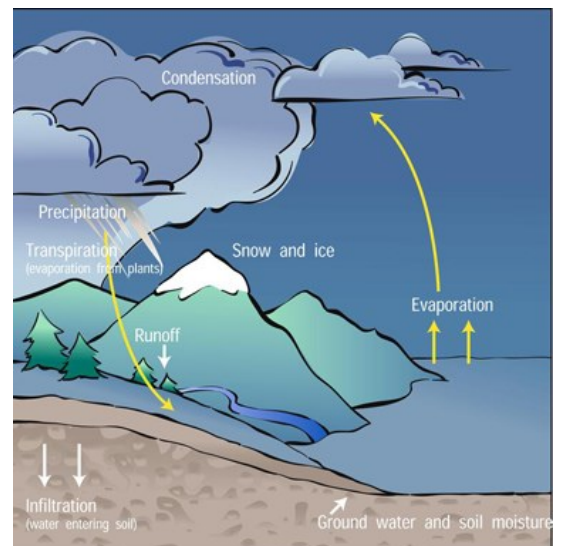
Firm President Travis Miller notes, "As an alumnus of Leadership Tallahassee (Class 16), I am happy that Brittany will have the opportunity to participate in this outstanding program.

We look forward to supporting Brittany's participation as part of our continuing commitment to the community in which we live and work."

Leadership Tallahassee was founded in 1983 and is a Division of the Greater Tallahassee Chamber of Commerce. The program serves as a year-long program focused on cultivating area leaders and strengthening their bond with the community.

Trivia By Pam Keillor

Water moves around the earth in a water cycle. The water cycle has five parts: evaporation, condensation, precipitation, infiltration and surface run-off.



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