

WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Keeping You Informed About Florida

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RADEY | THOMAS | YON | CLARK

Attorneys & Counselors at Law

Rulemaking Proposals

By: Susan Clark

On August 23, 2010, Docket No. 100380 entitled "Proposed repeal of Rule 25-10.026, F.A.C., Location and Preservation of Records; and Rule 25-10.111, F.A.C., Customer Billing" was opened. Staff is proposing the repeal of these rules because the substance of these rules have been superseded by Rules 25-30.110, F.A.C., Records and Reports; Annual Reports, 25-30.115, F.A.C., Uniform System of Accounts for Water and Wastewater Utilities, and 25-30.335, F.A.C., Customer Billing. The schedule for this rule-

making shows a staff recommendation issued on September 30, 2010, for consideration at the Commissions October 10, 2010 Agenda Conference.



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FPSC Reviews Acquisition Adjustment Policy

By: Terry Deason

At its September 14, 2010, Agenda Conference, the Florida Public Service Commission voted to initiate a rulemaking proceeding and propose a rule which revises its long-standing policy on the treatment of acquisition adjustments. While maintaining its desire to continue its policy of encouraging the acquisition of smaller and often higher-cost systems, by larger and well-managed companies with greater access to capital, the Commission proposed adoption of a revised rule to avoid "unintended consequences of negative acquisition adjustments in certain circumstances where inequities would result to the ratepayers".

At a preliminary workshop held on May 20, 2010, Commissioner Nathan Skop expressed his concern for windfalls inuring to the benefit of acquiring utilities when the purchase price is significantly below net book value. He also expressed concern that the current rule inappropriately ties the Commission's hands in those situations.

The Commission's current rule is **Rule 25-30.0371 FAC**. It was adopted by the Commission in 2002 by **Order PSC 02-0997-FOF-W**. It was the culmination of a long process involving the affected utility companies and the Office of Public Counsel, who ultimately reached a settlement and presented it to the Commis-

sion. It established two distinct paths to determine negative acquisition adjustments: contested and uncontested. If a negative acquisition adjustment is contested, the contesting party has the burden to demonstrate extraordinary circumstances. If the negative acquisition adjustment is not contested, the rule provides for no recognition of negative acquisition adjustments where purchase price is greater than 80% net book value. For negative acquisition adjustments where purchase price is less than 80% of net book value, there is recognition of the amount of the difference in excess of 20% of net book value. However, the negative acquisition adjustment is not recorded on the utility's books and is not used to set rates, unless the purchasing utility files for a rate increase within five years, which is the amortization period prescribed by the rule.

The Commission's proposed rule would do away with the contested and uncontested paths. Instead, the proposed rule declares that there would be no recognition of negative acquisition adjustments where purchase price is greater than 80% of net book value. Where purchase price is less than 80% of net book value, the proposed rule distinguishes between situations where purchase price is greater or lower than 50% of net book value. Where the purchase price is less than 80% of net book value but higher than 50% of net book value, the proposed rule follows the existing rule by not reflecting the negative acquisition adjustment in rates, unless the acquiring utility files for a rate increase during

(Continued on Page 5)

Meet the New Commissioners

By: Susan F. Clark



Art Graham is a graduate of Georgia Institute of Engineering with a bachelor's degree in Chemical Engineering. His professional career includes work at Georgia Pacific Pulp and Paper as a recovery engineer, at Betz PaperChem as a sales engineer and as a sales manager with Goodyear Tire and Rubber.

Prior to his appointment he served on the Jacksonville City Council. The City Council has oversight over the budget of JEA, which is a municipal electric, water and wastewater utility. He also served on the Jacksonville Beach City Council, is a past chair of the North Florida Transportation Planning Organization and vice president of the Northeast Florida Regional Planning Association.

Mark Long serves as Chief Advisor to Commissioner Graham, and Betty Ashby is his Executive Assistant.



Ronald A. Brisé is a graduate of Oakwood College in Alabama with a bachelor's degree in biology education. He also has a master's degree in management and marketing from American Intercontinental University in Illinois.

His professional career includes serving as Science Department Chairman at Miami Union Academy and as Director of Development, Marketing and Recruitment for the Academy. He was Chief Executive Officer of Strategic Partner Consulting, providing leadership and development strategies for corporate clients and Chief Operating Officer of

IPIP Corporation, a VoIP telecommunications carrier.

Commissioner Brise served as a member of the North Miami Planning Commission and is past president of the Albert Pierre Community Center. He is a member of the NAACP and serves on the board of the Haitian-American Scholarship Fund and Miami Union Academy.

Prior to his appointment, Commissioner Brise served in the Florida House of Representatives from 2006 to 2010, serving the 108th District in Northeast Miami-Dade County.

Pamela Paultre is his Executive Assistant.

Governor Crist Appoints New Commissioners

By: Susan F. Clark

Julie I. Brown and Eduardo E. Balbis were appointed to the Public Service Commission from the seven candidates the Nominating Council sent to Governor Charlie Crist on August 24, 2010. They will replace Chairman Nancy Argenziano and Commissioner Nathan A. Skop when their terms end in January. The appointees will need to be confirmed during the legislative session that starts on March 8, 2011. Mary A. Bane, James S. Baumstark, David L. Constantine, Connie L. Murray, and Kevin L. Wiehle were the other applicants not selected.



Julie I. Brown



Eduardo E. Balbis

Trivia

By: Pam Keillor

The earth's total amount of water has a volume of about 344 million cubic miles.

- 315 million cubic miles is seawater.
- 9 million cubic miles is groundwater in aquifers.
- 7 million cubic miles is frozen in polar ice caps.
- 53,000 cubic miles of water pass through the planet's lakes and streams.
- 4,000 cubic miles of water is atmospheric moisture.
- 3,400 cubic miles of water are locked within the bodies of living things.



www.lenntech.com/water-trivia-facts



Upcoming Events - Mark Your Calendars

Date	Event Name	Event	Location
10/2-6/10	83rd Annual Water Environment Federation Technical Exhibition and Conference	This water quality event will be in New Orleans in 2010! The latest in water quality research, technology and services will be on display at WEFTEC 2010.	New Orleans Ernest N. Morial Convention Center New Orleans, Louisiana
10/5-7/10	FPSC Service Hearing/ Hearing	Docket No. 100104-WU—Water Management Services Rate Increase—Service Hearing and Hearing	Fire Department St. George Island, FL
10/14/10	FPSC Rule Development Workshop	Undocketed—Rule 25-22.033—Communications Between Commission and Parties	FPSC Room 148
10/20-22 & 27-29/10	FPSC Customer Meetings	Docket No. 100330-WS—Application for an increase in Water/Wastewater rates for Aqua Utilities Florida, Inc.	New Port Richey, Gainesville, Palatka, Sebring, Lakeland, Eustis
11/4 & 8/10	FPSC Customer Meetings	Docket No. 100330-WS—Application for an increase in Water/Wastewater rates for Aqua Utilities Florida, Inc.	Greenacres, Ft. Myers
11/14-17/10	122nd NARUC Annual Meeting	This event is entitled: <i>Keeping the Focus: Serving the Consumer Interest in Changing Times</i> . Registration opens September 1st.	Omni Hotel at 100 CNN Center Atlanta, Georgia
11/14-18/10	AWWA Water Quality Technology Conference & Exposition	Professionals can meet face to face with water quality treatment associated manufacturers, suppliers, and consultants.	Washington State Convention & Trade Center Seattle, Washington
Conference 12/7-10/10 Exhibits 12/8-9/10	2010 NGWA Ground Water Expo	The 2010 NGWA Ground Water Expo and Annual Meeting celebrates the 62nd anniversary of the National Ground Water Association	Las Vegas Convention Center 3150 Paradise Road, Las Vegas, NV

FPSC W&W Dockets Opened (since July 2010)



**“Proposed
repeal of
Rule 25-
10.025,
F.A.C.,
Customer
Billing.”**



<p>100408-WS – Docketed: 9/29/2010 – CASR Not Yet Filed Application for amendment of Certificate Nos. 387-W and 331-S to extend water and wastewater territory in Martin County by Indiantown Company, Inc.</p>
<p>100402-SU – Docketed: 9/21/2010 – CASR Not Yet Filed Application for transfer of wastewater facilities in Seminole County for Alafaya Utilities, Inc., to City of Oviedo and cancellation of Certificate No. 379-S.</p>
<p>100400-WU – Docketed: 9/16/2010 – CASR Approved: 9/20/2010 Investigation of rates of O&S Water Company, Inc. in Osceola County for possible overearnings.</p>
<p>100398-SU – Docketed: 9/14/2010 – CASR Approved: 9/28/2010 Application for amendment of Certificate No. 164-S to extend territory in Duval County by Commercial Utilities, Division of Grace and Company, Inc.</p>
<p>100396-WS – Docketed: 9/10/2010 – CASR Approved: 9/20/2010 Request for approval of increase in miscellaneous service charges by Heather Hills Estates Utilities, LLC.</p>
<p>100388 -WS – Docketed: 8/27/2010 – CASR Approved: 9/1/2010 Application for transfer of water and wastewater facilities to Florida Governmental Utility Authority, and cancellation of Certificate Nos. 353-W and 247-S, by North Fort Myers Utility, Inc. in Lee County.</p>
<p>100387-SU – Docketed: 8/27/2010 – CASR Approved: 9/13/2010 Application for transfer of wastewater facilities to City of Avon Park, in Highlands County, and cancellation of Certificate No. 423-S, by C & H Utilities, Inc.</p>
<p>100381-WS – Docketed: 8/24/2010 – CASR Approved: 9/1/2010 Request for approval of tariff amendment to include a late payment fee of \$5.25 in Orange County by Pluris Wedgefield, Inc.</p>
<p>100380-WS – Docketed: 8/23/2010 – CASR Approved 9/1/2010 Proposed repeal of Rule 25-10.026, F.A.C., Location and Preservation of Records; and Rule 25-10.111, F.A.C., Customer Billing.</p>
<p>100379 -SU – Docketed: 8/18/2010 – CASR Approved: 8/23/2010 Settlement proposal for possible overearnings by Mid-County Services, Inc. in Pinellas County.</p>
<p>100377-WU – Docketed: 8/17/2010 – CASR Approved: 8/26/2010 Application for transfer of water facilities to Marion County, and amendment of Certificate No. 363-W, by Sunshine Utilities of Central Florida, Inc.</p>
<p>100366-WU – Docketed: 7/26/2010 – CASR Approved: 8/5/2010 Joint application for acknowledgment of sale of land and facilities located in Pasco County, Florida to Pasco County, and cancellation of Certificate No. 235-W, by C. S. Water Company, Inc.</p>
<p>100359 -WS – Docketed: 7/22/2010 – CASR Approved: 8/23/2010 Application for staff-assisted rate case in Volusia County by Tymber Creek Utilities, Incorporated.</p>

FPSC W&W Dockets Closed

100369 -WS – Docketed: 8/2/2010 – CASR Approved: 8/17/2010 – Date Closed: 9/16/2010

Request for approval of proposed changes to increase miscellaneous service charges in Manatee County by Keith & Clara Starkey d/b/a Heather Hills Estates.

100313 -WS – Docketed: 6/1/2010 – CASR Approved: 6/17/2010 – Date Closed: 8/26/2010

Application for authority to collect non-sufficient funds charges, pursuant to Sections 68.065 and 832.08(5), F.S., by Utilities, Inc.

100156-WU – Docketed: 3/31/2010 – CASR Approved: 4/12/2010 – Date Closed: 9/7/2010

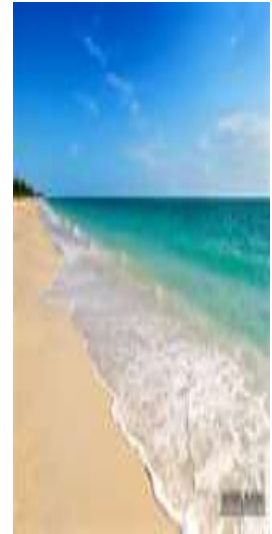
Application of Sunshine Utilities of Central Florida, Inc. to amend its Water Certifi-

100094-WS – Docketed: 2/24/2010 – CASR Approved: 3/1/2010 – Date Closed: 9/20/2010

Notice of appointment of receiver for Service Management Systems, Inc. in Brevard County pursuant to Circuit Court foreclosure proceeding.

100038-WU – Docketed: 1/20/2010 – CASR Approved: 2/4/2010 – Date Closed: 9/28/2010

Application to implement a backflow maintenance program by Sunny Shores Water



Rule

25-30.0371,

F.A.C.

FPSC Reviews Acquisition Adjustment Policy (cont. from Pg 1)

the amortization period. However, the amortization period is proposed to be extended from 5 to 7 years. Where the purchase price is less than 50% of net book value, the proposed rule would call for one-half of the negative acquisition adjustment to be amortized over 7 years and the remaining half to be amortized over the remain-

ing life of the acquired assets. This approach would almost certainly require that at least a portion of the negative acquisition adjustment be recognized in rates at some point before it is fully amortized.

Unless comments or a request for a formal hearing

are filed, the proposed rule may be filed with the Secretary of State as final. If comments or a request for a formal hearing are filed, the Commission will take those into consideration before final adoption of any revised rule.



Staff Contact Rulemaking

The Commission is continuing to consider potential amendments Rule 25-22.033, F.A.C., Communications Between Commission employees and Parties. Another workshop is scheduled for October 14,

2010. At this point, this is an undocketed proceeding.

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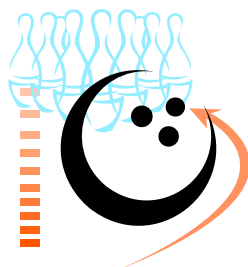
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RTYC Summer Bowling Party

The summer heat in Tallahassee brings a sense of creativity when planning summer parties. The firm hosted a fun night at a Tallahassee bowling alley for staff, friends, and family.

There were the serious bowlers who came prepared with their own ball and shoes. There were former bowlers who were a bit rusty. And there were those who bowl just for fun. The turnout was great and everyone had a wonderful time.

