

WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Keeping You Informed About Florida

September 2013



FPSC's Memorandum of Understanding with the DEP

By: Susan Clark

On August 18, 2013, the Florida Public Service Commission (PSC) and the Florida Department of Environmental Protection (DEP) entered into a Memorandum of Understanding (MOU) "establishing policies and procedures to be followed by DEP and the PSC to promote and encourage water conservation and reuse, and safe water supply and wastewater management services." The MOU supersedes previous MOUs between the agencies.

The objectives of the MOU are:

1. To monitor drinking water treatment and distribution systems to ensure that safe and reliable water is produced and delivered in accordance with applicable rules and drinking water standards.
2. To monitor domestic wastewater systems to ensure the safe and efficient collection, treatment, and reuse or disposal of wastewater and biosolids.
3. To encourage and promote water conservation and the reuse of reclaimed water.
4. To foster water conservation and to encourage the use of conservation-promoting rate structures and consumer education programs.
5. To promote the continued economic viability of utility systems through rates that are fair, just, and reasonable.

The extent of the PSC's jurisdiction over investor-owned utilities (in certain counties) is recognized in the MOU. To the extent allowed by law and agency workload the PSC agrees to:

1. Schedule required public meetings and hearings with regulated utilities and customers to discuss drinking water, wastewater, or reuse systems and their impact on rates and inform the DEP of such meetings.
2. Work with the DEP and Water Management Districts (WMDs) to develop and implement a complaint reporting and tracking system.
3. Review proposed rate structures for investor-owned water utilities within PSC jurisdiction to ensure that the rate structures are designed to promote water conservation.
4. Provide assistance to DEP on capacity development programs by working with utilities within PSC jurisdiction and with the DEP to strengthen efforts to ensure that water, wastewater, and reuse systems have sufficient capacity available; provide DEP with a list of PSC regulated utilities by county; and notify the DEP of changes in regulatory status of current and new utilities under its jurisdiction, as well as changes in counties subject to PSC jurisdiction.
5. Monitor abandonment and bankruptcy proceedings for investor-owned water utilities within PSC jurisdiction, and inform the DEP of pending proceedings.
6. Provide legal and technical support to the DEP in any related administrative hearings or legal proceedings, if an applicant for a DEP permit challenges the interpretation of Section 367.031, F.S.

[Continued on next page.]

FPSC's Memorandum of Understanding with the DEP, cont'd.

7. Participate in interagency programs and working groups on subjects of mutual concern to the agencies.
8. Work with utilities within PSC jurisdiction and with the DEP to strengthen efforts to ensure proper operation and maintenance and to promote compliance with DEP permit requirements.
9. Assist the DEP and WMDs in the review of reuse feasibility studies for both the utility and its customers associated with the mandatory reuse programs in Chapter 62-40, F.A.C., and other reuse-related activities of the WMDs in the counties within PSC jurisdiction. The PSC shall complete a timely review which will allow DEP and the WMDs to meet timeframes established by rule.

The DEP agrees to adopt and implement policies and procedures to implement the following duties:

1. Notify the PSC of impending abandonment or bankruptcy cases involving investor-owned water and wastewater utilities and assist the PSC in such cases, as needed.
2. Work with the PSC and WMDs to develop and implement a complaint reporting and tracking system.
3. Verify the existence of a certificate of authorization from the PSC before issuance of a construction permit for a new domestic wastewater or drinking water system for utilities subject to Section 367.031, F.S.
4. Participate in interagency programs and working groups on subjects of mutual concern to the agencies.
5. Attend PSC customer meetings, hearings for rate cases, and other proceedings involving investor-owned utilities and provide expert technical testimony when appropriate, without the need for subpoenas.
6. After receipt of a reuse feasibility study required by Section 403.064, F.S., the Antidegradation Policy, or the Indian River Lagoon System and Basin Act, provide a copy of the reuse feasibility study to the PSC for feasibility studies produced by PSC jurisdictional investor-owned utilities.
7. Make final determinations on the adequacy of reuse feasibility studies and consider comments made by the PSC staff on the financial aspects of these reuse feasibility studies.

The DEP and PSC will each designate a liaison to coordinate communications between the agencies and routine exchange of information is to be made through the designated liaisons. The liaisons will take the lead in developing and implementing the citizen complaint reporting and tracking system.



PSC Activities to Implement Recommendations of the Study Committee on Investor-Owned Water and Wastewater Utilities

In addition to the signing of a new Memorandum of Understanding (MOU) with the Florida Department of Environmental Protection (DEP), the Florida Public Service Commission (PSC) is pursuing other initiatives to implement the recommendations of the Study Committee on Investor-Owned Water and Wastewater Utilities:

- ◆ The PSC has reached out to Department of Management Services (DMS) to offer assistance to move forward on amending DMS rules to allow utilities access to the State Purchase Agreement.
- ◆ The PSC has offered the Florida Rural Water Association (FRWA) support for their on-line equipment exchange using the PSC website. The PSC website will be linked to FRWA's online equipment exchange portal.
- ◆ The PSC is assisting the DEP to improve its Capacity Development Program. Aspects of the Capacity Development program relating to the Study Committee recommendation include expanding access to the State Revolving Fund (SRF) to improve funding opportunities for investor-owned water and wastewater utilities.
- ◆ The PSC has initiated three projects to address the Committee's recommendations to review PSC policies and procedures:
 - Increasing the use of technology to file reports and forms electronically.* This project will work with utilities and PSC IT staff to provide a vehicle for filing forms and reports electronically.
 - Improving the PSC outreach to investor-owned water and wastewater utilities.* The project objective is to better engage jurisdictional utilities in beneficial regulatory activities, by providing access to educational resources, communicating availability of funding, as well as providing training webinars.
 - Developing metrics to help staff review utility operations.* This project will focus on the development of metrics in an effort to enhance smaller utilities' ability to operate more effectively and efficiently as well as investigate customer service

Florida Public Service Commission Commissioners

Reappointment of Chairman Ronald Brisé and Commissioner Arthur Graham



Chairman
Ronald Brisé

On September 20, 2013, Governor Rick Scott reappointed Chairman Ronald Brisé and Commissioner Arthur Graham to four year terms starting in January 2014. Both Brisé and Graham were first appointed to the Commission by former Governor Charlie Crist.



Commissioner
Art Graham



Upcoming Events - Mark Your Calendars

Date	Event Name	Event	Location
October 10, 2013	Customer Meeting	<i>Docket No. 130180-WS— Application for original certificates to provide water and wastewater service in Lake County by Sunlake Estates Utilities, L.L.C.</i>	1:00 pm Grand Island
November 14, 2013	Customer Meeting	<i>Docket No. 130153-WS - Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.</i>	6:00 pm Lake Placid
Nov. 17-20, 2013	NARUC	<i>125th Annual Meeting</i>	Orlando Hilton Bonnet Creek

Trivia By Pam Keillor

If all the world's water were fit into a gallon jug, the fresh water available for us to use would equal only about one



<http://www.lenntech.com/water-trivia-facts.htm>

Summaries of PSC Orders filed since July 2013

By Susan F. Clark

PSC-12-0307-CO-WS—Date Filed: 7/8/2013

Consummating Order makes effective and final Order PSC-13-0241-PAA-WS establishing the authorized range of returns on common equity for water and wastewater utilities.

PSC-13-0310-PCO-SU—Date Filed: 7/10/2013

Order grants Monroe County's third unopposed motion for extension of time to respond to KW Resort Utilities Corporation's (KWRU) complaint regarding certain capacity reservation fees. The motion stated the County and KWRUC are in the process of drafting a settlement agreement that would resolve all issues in the complaint. An extension of 60 days to September 6, 2013, was granted.

PSC-13-0312-FOF-WS—Date Filed: 7/11/2013

Order provides authorization to Silver Fox Utility Company to maintain accounting records outside the State of Florida, pursuant to Rule 25-30.110(1)(b), F.A.C.

PSC-13-0316-PCO-WU—Date Filed: 7/12/2013

Order suspends the proposed increase in water rates filed by Placid Lakes Utilities, Inc. (Utility) for service in Highlands County.

PSC-13-0320-PAA-WU—Date Filed: 7/15/2013

Proposed Agency Action (PAA) Order approves an increase in water rates in Polk County by Pinecrest Utilities, LLC (Pinecrest or Utility) in a staff-assisted rate case (SARC). The overall quality of service provided by the Utility was found to be satisfactory. The water treatment plant and distribution system were both found to be 100% used and useful (U&U). Various adjustments were made to rate base and operating expenses, and the return on equity (ROE) was set at 11.16% based on the current Commission-approved leverage formula. An annual revenue increase of 6.65% was approved and the rate structure of a base facilities charge (BFC) and uniform gallonage charge was continued. The Non-sufficient Funds (NSF) charge was increased consistent with s. 832.08(5), Florida Statutes, and amounts for initial customer deposits were established.

PSC-13-0323-PAA-WS—Date Filed: 7/15/2013

Order approves the transfer of water and wastewater certificates and facilities in Pasco County from Silver Fox Utility Company, LLC d/b/a Timberwood Utilities (Silver Fox or Utility) to Hometown Canada Utility (Hometown Canada). The current rates and charges for service are continued. The Proposed Agency Action (PAA) portion of the Order establishes net book value of the transferred facilities and declines to include a positive acquisition adjustment (Hometown Canada did not request an acquisition adjustment).

PSC-13-0324-PAA-WS—Date Filed: 7/15/2013

Proposed Agency Action (PAA) Order grants temporary waiver of Rule 25-30.033(1)(h), (m), (o), (t), (u), (v), and (w), FAC., relating to information necessary for the granting of original certificates to provide water and wastewater service and setting initial rates in Hendry and Collier Counties by Consolidated Services of Hendry and Collier, LLC (Utility) a wholly-owned subsidiary of Consolidated Citrus Limited Partnership, which is owned by King Ranch. The temporary waiver is to "enable the Utility to continue to engage in active planning with respect to the area proposed for certification, continue dialogue with governmental entities regarding the provision of service, and negotiate with developers and other non-related customers." The temporary waiver is for a period not to exceed 36 months.

PSC-13-0327-PAA-SU—Date Filed: 7/16/2013

Proposed Agency Action (PAA) Order approves a 26.04% increase in wastewater rates in Polk County by West Lakeland Wastewater, LLC (West Lakeland) in a staff assisted rate case (SARC). The overall quality of service provided by West Lakeland was found to be satisfactory. The wastewater treatment plant and the wastewater collection system were found to be 100% used and useful (U&U). Adjustments (both positive and negative) were made to rate base, and proforma plant additions were included in the initial revenue requirements, rather than in a "Phase II" revenue requirement, due to the minimal impact of the plant additions. The return on equity (ROE) was set at 11.16 percent based on the Commission-approved leverage formula. However, since West Lakeland has a negative rate base the Operating Ratio Methodology (ORM) was used to set revenue requirements. Several adjustments were made to certain operating expenses which resulted in an overall increase in operating expenses. The current rate structure of a base facility charge (BFC) and uniform gallonage charge was continued for both residential and general service customers.

Summaries of PSC Orders filed since July 2013 (continued)

PSC-13-0332-PCO-WS—Date Filed: 7/22/2013

Order suspends the rate increase requested by Utilities, Inc. of Florida (UIF) for water and wastewater service in Marion, Orange, Pasco, Pinellas and Seminole Counties and establishes interim rates for water service in Orange, Pasco and Seminole Counties and for wastewater rates in Seminole County.

PSC-13-0336-FOF-WS—Date Filed: 7/29/2013

Order acknowledges the transfer of certain Aqua Utilities Florida Inc.'s (AUF) water and wastewater facilities to the Florida Governmental Utility Authority (FGUA) as a matter of right pursuant to Section 367.071(4), FS; and cancels Certificate Nos. 549-W, 649-W, 555-S, 106-W, 120-S, 268-S, 346-W, 084-W, 209-W, 154-S, 587-W, 506-S, 076-W, 284-S, 279-W, 226-S, 238-W and 182-S, effective 3/22/2013.

PSC-13-0354-FOF-WS—Date Filed: 8/6/2013

Order acknowledges the transfer of certain Aqua Utilities Florida, Inc.'s (AUF) water and wastewater facilities to Desoto County as a matter of right pursuant to Section 367.071(4), FS; and cancels certificates 599-W and 514-S effective 4/24/13.

PSC-13-0368-CO-WS—Date Filed: 8/9/2013

Consummating order makes effective and final Order PSC-13-0323-PAA-WS establishing the net book value of water and wastewater facilities transferred from Silver Fox Utility Company, LLC, to Hometown Canada Utility, Inc. in Pasco County.

PSC-13-0369-CO-WS—Date Filed: 8/9/2013

Consummating order makes effective and final Order PSC-13-0324-PAA-WS granting temporary waiver of Rule 25-30.033(1)(h), (m), (o), (t), (u), (v) and (w), F.A.C., relating to information necessary for the granting of original certificates to provide water and wastewater service.

PSC-13-0374-CO-SU—Date Filed: 8/13/2013

Consummating Order makes effective and final Order PSC-13-0327-PAA-SU approving an increase in wastewater rates for service in Polk County by West Lakeland Wastewater, LLC.

PSC-13-0375-CO-WU—Date Filed: 8/13/2013

Consummating Order makes effective and final Order PSC-13-0320-PAA-WU approving an increase in water rates in Polk County by Pinecrest Utilities, LLC.

PSC-13-0408-PCO-WS—Date Filed: 8/30/2013

Order grants the fourth joint motion by Utilities, Inc. (UI) and the Office of Public Counsel (OPC) in the generic docket relating to UI's financial, accounting and customer service computer system (the Phoenix Project). The Order extends the informal investigatory period to October 31, 2013, requires the parties to file a list of issues no later than October 14, 2013, and advises that additional extensions "will only be granted upon a showing of extraordinary circumstances outside the control of the parties."

PSC-13-0418-PCO-SU—Date Filed: 9/10/2013

Order by Prehearing Officer (Graham) grants Monroe County's fourth unopposed motion for extension of time to respond to KW Resort Utilities Corporation's (KWRU) Complaint against the County regarding capacity reservation fees. The extension of time was sought based on ongoing settlement negotiations between the County and the Utility. Monroe County is to notify the Commission of the status of negotiations no later than 12/5/2013.

PSC-13-0425-PAA-WS—Date Filed: 9/18/2013

Order approves the transfer of water and wastewater systems in Lake County from Shangri-La by the Lake Utilities, Inc. (Shangri-La) to Lakeside Waterworks and the continuation of existing rates for service. The Proposed Agency Action (PAA) portion of the order establishes the net book value of the transferred system. A positive acquisition adjustment was not requested and none was approved.

PSC-13-0426-TRF-SU—Date Filed: 9/19/2013

Order approves the tariff amendment of West Lake Wastewater Inc. of Polk County authorizing a service charge of \$2.50 for customers who opt to pay their wastewater bill by debit or credit card via telephone.

Summaries of PSC Orders filed since July 2013 (continued)

PSC-13-0427-TRF-WU—Date Filed: 9/19/2013

Order approves the tariff amendment of Pinecrest Utilities, LLC of Polk County authorizing a service charge of \$2.50 for customers who opt to pay their wastewater bill by debit or credit card via telephone.

PSC-13-0428-TRF-WS—Date Filed: 9/19/2013

Order approves the tariff amendment of Four Points Utility Corp. of Polk County authorizing a service charge of \$2.50 for customers who opt to pay their wastewater bill by debit or credit card via telephone.

PSC-13-0442-FOF-WU—Date Filed: 9/30/2013

Order grants grandfather certificate to NHC Utilities Inc. to provide water service in Charlotte County effective 2/12/13, the date on which Charlotte County passed a resolution transferring regulation of privately-owned water and wastewater utilities to the FPSC.



FPSC W/W Dockets OPENED (since July 2013)



130194-WS—Docketed: 7/19/2013

Application for staff-assisted rate case in Lake County by Shangri-La by the Lake Utilities, Inc.



130209-SU—Docketed: 8/2/2013

Application for expansion of certificate (CIAC) (new wastewater line extension charge) and flat rate adjustment of 3% per year for years starting 4/1 of 2015, 2016, 2017, 2018, and 2019 by North Peninsula Utilities Corp.



130210-WS—Docketed: 8/5/2013

Application for staff-assisted rate case in Polk County by CHC VII, Ltd.



130211-WS—Docketed: 8/5/2013

Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd.



130212-WS—Docketed: 8/6/2013

Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.



130229-WS—Docketed: 8/26/2013

Application for amendment of territory for Certificate Nos. 622-W and 564-S in Volusia and Brevard Counties by Farmton Water Resources LLC.



130230-SU—Docketed: 8/27/2013

Application for amendment of territory for Certificate No. 300-S in Lee County by Forest Utilities, Inc.

130242-WS—Docketed: 9/27/2013

Joint notice of transfer of Plantation Bay Utility Company water and wastewater assets located in Flagler and Volusia Counties to the City of Bunnell, Florida and request for cancellation of Certificate Nos. 455-W and 389-S.

130243-WS—Docketed: 9/30/2013

Application for staff-assisted rate case in Highlands County by Lake Placid Utilities Inc.

FPSC W/W Dockets CLOSED (since July 2013)

120078-SU—Docketed: 4/9/2012—Date Closed: 8/28/2013
Application for staff-assisted rate case in Brevard County by TKCB.

120152-WS—Docketed: 5/10/2012—Date Closed: 9/18/2013
Application for increase in water and wastewater rates in Orange County by Pluris Wedge-field, Inc.

130050-WS—Docketed: 2/20/2013—Date Closed: 7/29/2013
Joint notice of application for approval of transfer of certain water and wastewater facilities of Aqua Utilities Florida, Inc. in Alachua, Hardee, Lake, Lee, Marion, Orange, Pasco, Polk, Putnam, Seminole and Volusia Counties, to the Florida Governmental Utility Authority, and request for cancellation of certificates.

130067-WU—Docketed: 3/27/2013—Date Closed: 7/2/2013
Application for grandfather certificate to operate water utility in Charlotte County by Bocilla Utilities, Inc.

130128-WS—Docketed: 5/1/2013—Date Closed: 8/6/2013
Notice of transfer as a matter of right of certain water and wastewater facilities of Aqua Utilities Florida, Inc. in DeSoto County to DeSoto County, Florida, and request for cancellation of certificates.

130149-WU—Docketed: 5/23/2013—Date Closed: 9/30/2013
Application for grandfather certificate to operate water utility in Charlotte County by NHC Utilities, Inc.

130229-WS—Docketed: 8/26/2013—Date Closed: 9/13/2013
Application for amendment of territory for Certificate Nos. 622-W and 564-S in Volusia and Brevard Counties by Farmton Water Resources LLC.

130230-SU—Docketed: 8/27/2013—Date Closed: 9/6/2013
Application for amendment of territory for Certificate No. 300-S in Lee County by Forest Utilities, 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 advice or opinion.

Radey Family News

Radey Named One of the Best Companies to Work For in Florida

The firm again has been named one of the Top 100 companies to work for in Florida by *Florida Trend* magazine. This marks the third consecutive year that Radey has been named as one of the best companies to work for in Florida.



“We are pleased to again be recognized by *Florida Trend* as one of the top places to work in Florida,” said firm president Travis Miller. “We are privileged to maintain an outstanding work environment as we strive to assist our clients. Being recognized in this manner encourages us to raise the bar for future years.”

Florida Trend goes through a detailed process to determine the best places to work. The process begins with a survey inquiring about companies’ hiring practices, benefits, work environment, community involvement and other attributes. This is followed by surveys sent individually to all of a company’s employees. The Top 100 places to work include large, medium and small employers. Of the 31 small employers that made this list, the firm ranked 10th.

Radey is one of only four Tallahassee-based companies to make this year’s Top 100 list. In addition, the firm is one of only seven law firms to make this list this year. *Florida Trend* made particular mention of Radey’s employee benefits as a factor in making the firm a top place to work.

Laura Dennis joins the Radey Team



The firm is pleased to announce that Laura Dennis has joined the firm as an associate. Laura joins the firm after two years as a clerk to Judge Patricia Fawsett in the United States District Court for the Middle District of Florida.

Laura graduated among the top ten students in her class at the Florida State University College of Law. She holds an undergraduate degree in finance from Florida State University, where she graduated summa cum laude. Laura was an intern at the First District Court of Appeal in Tallahassee and for the Securities and Exchange Commission in Atlanta.

“Laura is a talented lawyer who comes to us with valuable experience as a judicial clerk and with a background in finance,” said firm president Travis Miller. “