

WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Florida Public Service Commission Rule Amendments Affecting Water and Wastewater Utilities By: Susan Clark

Rules on Staff Assisted Rate Cases— Rules 25-30.455, 25-30.456 and 25-30.457

On July 23, 2014, the Florida Public Service Commission (FPSC or Commission) issued a Notice of Adoption of amendments to Rules 25-30.455, *Staff Assistance in Rate Cases*, 25-30.456, *Staff Assistance in Alternative Rate Setting* and Rule 25-30.457, *Limited Alternative Rate Increase*. The amendments increase the total gross annual operating revenues of water and wastewater utilities eligible for staff assistance in rate cases, alternative rate setting, and limited alternative rate increases from \$250,000 to \$275,000 or less for water or wastewater service, and from \$500,000 to \$550,000 or less for water and wastewater service combined; remove from the Commission's consideration in ruling on an application whether the applicant has complied in a timely manner with all Commission decisions and requests for 2 years prior to the filing of the application; and remove from the Commission's consideration in ruling on an application for limited alternative rate increase whether the utility has been granted a limited alternative rate increase within 3 years prior to the receipt of the application, and whether the utility is currently in compliance with any applicable water management district permit conditions concerning rate structure. (Docket No. 140093-WS)

Rules Implementing 2014 Legislation on Quality of Water Service— Rules 25-30.091 and 25-30.440

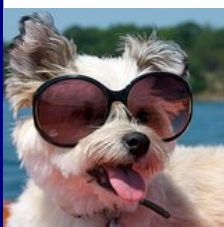
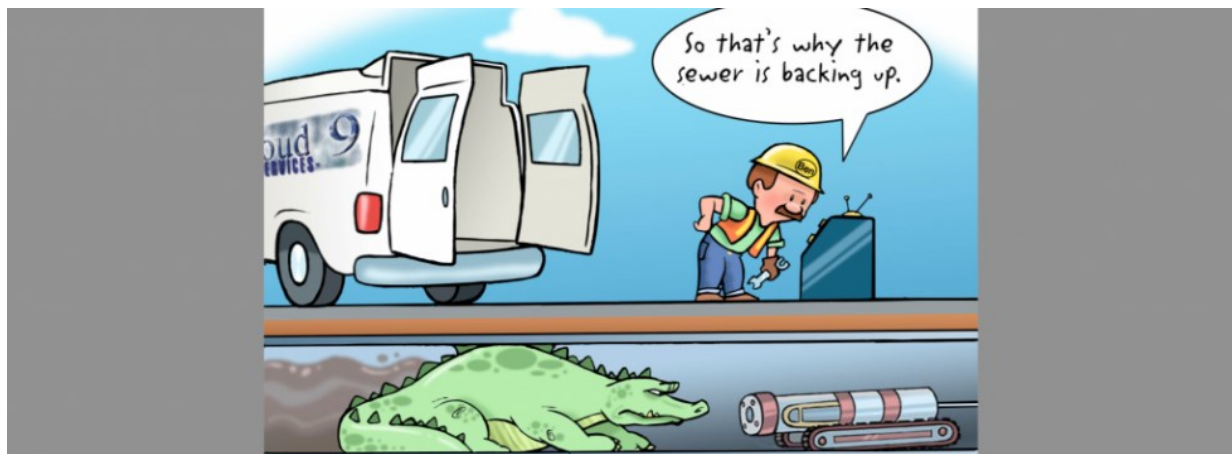
On September 19, 2014, the FPSC issued a Notice of Staff Rule Development Workshop regarding the initiation of rulemaking to implement Florida Statute Sections 367.072 and 367.0812, which were enacted in the 2014 Legislative Session. Section 367.072, F.S., provides that customers may petition the Commission for revocation of their water utility's certificate of authorization for failing to provide quality of water service and requires such petitions to state with specificity each issue that customers have with the quality of water service, each time the issue was reported to the utility, and how long each issue has existed. Petitioners under Section 367.072, F.S., must be signed by at least 65 percent of the customers of the service area covered under the certificate of authorization. Section 367.0812(1)(c), F.S., requires the Commission consider complaints filed by customers during the past 5 years regarding the secondary water quality standards as established by the Department of Environmental Protection (DEP) in determining whether a utility has satisfied its obligation to provide quality of water service.

Florida Public Service Commission Rule Amendments Affecting Water and Wastewater Utilities, cont'd

Rules Implementing 2014 Legislation on Quality of Water Service— Rules 25-30.091 and 25-30.440, cont'd

New Rule 25-30.091, *Petition to Revoke Water Certificate of Authorization*, is being proposed and Rule 25-30.440, *Additional Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase*, is being amended. The new rule establishes, with timeframes and forms, the process for customers to petition the Commission to revoke their utility's certificate of authorization. The amendment to Rule 25-30.440 requires a Class A or B utility provide information on notices from the health department or DEP for the last five years and copies of customer complaints regarding secondary water quality standards made to the Commission, DEP, any local government entity or county health department during the last five years.

The rule development workshop is scheduled for October 7, 2014, in Tallahassee.



Upcoming Events - Mark Your Calendars

Date	Event Name	Event	Location
Nov. 16-19, 2014	NARUC	NARUC 126th Annual Meeting	Marriott Marquis San Francisco, CA

Trivia By Pam Keillor

Water regulates the earth's temperature.



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Summaries of PSC Orders filed since July 2014

By Susan F. Clark

PSC-14-0342-CO-WS; PSC-14-0343-CO-WS; PSC-14-0350-CO-WS; PSC-14-0351-CO-WS

Consummating Orders PSC-14-0342-CO-WS, date filed 7/7/2014; PSC-14-0343-CO-WS, date filed 7/7/2014; PSC-14-0350-CO-WS, date filed 7/9/2014; PSC-14-0351-CO-WS, date filed 7/9/2014; PSC-14-0371-CO-WU, date filed 7/17/2014; and PSC-14-0373-CO-WU, date filed 7/17/2014 make effective and final Order Nos. PSC-14-0299-PAA-WS, PSC-14-0300-PAA-WS, PSC-14-0314-PA-WS, PSC-14-0315-PAA-WS, PSC-14-0326-PAA-WU and PSC-14-0327-PAA-WU approving the transfer of water and wastewater facilities previously owned by Aqua Utilities of Florida (AUF) in Sumter, Highlands, Washington, Brevard and Palm Beach Counties to Jumper Creek Utility Company (Sumter), Woods Utility Company (Sumter), HC Waterworks, Inc. (Highlands), Sunny Hills Utility Company (Washington), Brevard Waterworks, Inc. (Brevard) and Lake Osborne Waterworks (Palm Beach). These transfers are the result of AUF's decision to cease operations in Florida. The utilities to which the facilities are transferred were recently created and share common management and ownership. The orders establish net book values for the transferred systems and, for some facility transfers, approve a negative acquisition adjustment.

PSC-14-0354-CO-SU—Date Filed: 7/10/2014

Consummating Order makes effective and final Order PSC-14-0296-PAA-SU approving the request of Utility Corporation of Florida, Inc.'s (Utility Corp.) to not implement the Phase II rates authorized by the FPSC in a previous rate case because the Phase II pro forma additions were not completed as contemplated.

PSC-14-0360-FOF-WU—Date Filed: 7/11/2014

Order acknowledges the transfer of the facilities of Kemple Water Company to the City of Zephyrhills in Pasco County.

PSC-14-0390-CO-WS—Date Filed: 7/25/2014

Consummating Order makes effective and final Order No. PSC-14-0335-PAA-WS approving a rate increase for water service and a rate decrease for wastewater service for Lake Placid Utilities, Inc., for service in Highlands County.

PSC-14-0314A-PAA-WS—Filed: 7/29/2014

Amendatory Order corrects scrivener's error in Order PSC-14-0314-PAA-WS relating to the transfer of facilities of Aqua Utilities of Florida to HC Waterworks, Inc. in Highlands County.

PSC-14-0335A-PAA-WS—Date Filed: 7/30/2014

Amendatory Order corrects scrivener's error in Order PSC-14-0335-PAA-WS relating to the rate increase for water service and a rate decrease for wastewater service for Lake Placid Utilities, Inc., for service in Highlands County.

PSC-14-0413-PAA-WS—Date Filed: 8/14/2014

Proposed Agency Action (PAA) Order approves a settlement between L.P. Waterworks, Inc. (LPWWI or Utility) and the Camp Florida Property Owners Association (Association) provide for a two-phase water and wastewater rate increase for service by LPWWI in Highlands County. The Phase One increase recovers only operation and maintenance expenses, property taxes and the regulatory assessment fee. The Phase Two increase, which may not be implemented sooner than one-year after the Phase One increase, adds the recovery of the Utility's return on rate base, including pro forma plant additions. The Utility agrees not to file a new rate case before one year after the implementation of Phase Two. The quality of the water and wastewater service was found to be satisfactory. The water treatment plant was found to be 100% used and useful (U&U), the water distribution system was 87% U&U, the wastewater treatment plant was 59% U&U, and the wastewater collection system was 100% U&U. An adjustment to expenses was made for excessive unaccounted for water. The return on equity was set at 8.74%, and various adjustments were made to operating expenses. The Phase One rates for water service include a base facilities charge (BFC), designed to recover 40% of the revenue requirement, a nondiscretionary gallonage charge for usage below 3,000 gallons and an additional gallonage charge for usage above 3,000 gallons. The Phase One wastewater rates include a BFC designed to recover 60% of the revenue requirement and a gallonage charge. The Phase Two increase is implemented through an across the board increase of 20.29% for water service and a 19.69% for wastewater service. An increase for customer deposits was also authorized.

Summaries of PSC Orders filed since July 2014 (continued)

PSC-14-0434-FOF-WU—Date Filed: 8/20/2014

Order approves the transfer of Venture Associates Utilities Corporation's water system in Marion County to Ocala Palms Utilities, LLC. The existing rates and charges remain in effect. The net book value (NBV) of the transferred system is established and no acquisition adjustment is authorized because the purchase price was greater than 80% of the NBV.

PSC-14-0434A-FOF-WU—Date Filed: 9/29/2014

Amendatory Order corrects a scrivener's error in Order PSC-14-0434-FOF-WU approving the transfer of Venture Associates Utilities Corporation's water system to Ocala Palms Utilities.

PSC-14-0465-DS-WS—Date Filed: 8/26/2014

Order denies the request of Continental Utilities, Inc. (CUI) for a declaratory statement that CUI is exempt from Public Service Commission jurisdiction under Sections 367.022(7) and 367.011, F.S. CUI is a for profit corporation owned by Continental Country Club R.O., Inc. (CCCRO) a nonprofit corporation whose officers and directors are identical and all of the customers of CUI own and control CUI as a subsidiary of CCCRO. The requested statement is denied because: "there is no language in the statutory exemption stating that a for-profit corporation which is a subsidiary of a nonprofit corporation is a nonprofit corporation under Section 367.022(7)."

PSC-14-0474-CO-WS—Date Filed: 9/8/2014

Consummating Order makes effective and final Order No. PSC-14-0413-PAA-WS approving a settlement between L.P. Waterworks, Inc. (CPWWI) and the Camp Florida Property Owners Association and providing a two-phase increase in rates for water and wastewater service by LPWWI in Highlands County.

PSC-14-0495-PAA-WU—Date Filed: 9/17/2014

Proposed Agency Action (PAA) Order approves the transfer of Holmes Utilities, Inc.'s (Holmes) water system in Highlands County to Country Walk Utilities, Inc. The existing rates and charges for water service are continued. The net book value for the transferred system is established and a negative acquisition adjustment is recognized for ratemaking purposes.

PSC-14-0508-AS-WS—Date Filed: 9/24/2014

Order approves the settlement agreement between Cypress Lakes Utilities (CLU) and the Office of Public Counsel in CLU's water and wastewater rate case. Under the settlement agreement the rates approved by the FPSC in PAA Order No. PSC-14-028-PAA-WS (a rate increase for water service and a rate decrease for wastewater service in Polk County), will remain in effect and there is a reduction in rate case expense.

PSC-14-0520-CFO-SU—Date Filed: 9/30/2014

Order grants Colony Park Development Utilities' (Colony Park) request for confidential classification of documents containing the personal financial information of one of the individuals purchasing Colony Park.

PSC-14-0521-FOF-WS—Date Filed: 9/30/2014

Order approves the allocation of costs relating to Utilities, Inc.'s (UI) financial accounting and customer service computer system (Phoenix Project) to Florida utility systems owned by UI. The FPSC approved an allocation method of the net investment in the Phoenix Project using a modified used and useful approach: "the current total number of UIs ERCs would be divided by the total company ERCs in place at the time Phoenix Project was implemented to determine the net investment in the Phoenix Project, capped at 100 percent of the net investment in the Phoenix Project. The per ERC allocated costs would be determined by dividing the net investment in the Phoenix Project by the number of current ERCs." Based on this method of determining allowed costs for Florida systems owned by UI, a regulatory asset a liability will be determined in the next rate case of each affected UI system in Florida. The Order also addresses computer maintenance expenses, the appropriate amortization period for the Phoenix Project (10 years), and the amount and recovery of rate case expense for the case.

FPSC W/W Dockets OPENED (since July 2014)



140145-SU—Date Opened: 7/31/2014
Application to transfer assets and Certificate No. 550-S from Utility Corporation of Florida, Inc. to South Highlands Investment Corporation in Highlands County.

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

140149-WU—Date Opened: 8/11/2014
Joint application for authority as a matter of right to transfer water facilities to Marion County, and to amend water Certificate No. 427-W, by Windstream Utilities Company.



140153-WS—Date Opened: 8/14/2014
Complaint No. 1139452W by Ahman Atshan against Pluris Wedgefield, Inc. for alleged overbilling.

140157-WS—Date Opened: 8/21/2014
Request to establish initial customer deposits in Highlands County by Country Club Utilities, Inc.

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



140170-WU—Date Opened: 9/4/2014
Application for approval of transfer of Certificate No. 531-W from W.B.B. Utilities, Inc. to Lake Idlewild Utility Company in Lake County.

140171-WU—Date Opened: 9/4/2014
Request for approval of water rate tariff for a revision in customer billing from quarterly billing to monthly billing by Lake Idlewild Utility Company in Lake County.

140173-WS—Date Opened: 9/10/2014
Application for staff-assisted rate case in Levy County by FIMC Hideaway Inc.

140174-WU—Date Opened: 9/10/2014
Application for approval of transfer of Certificate No. 117-W from Crestridge Utility Corporation to Crestridge Utilities, LLC, in Pasco County

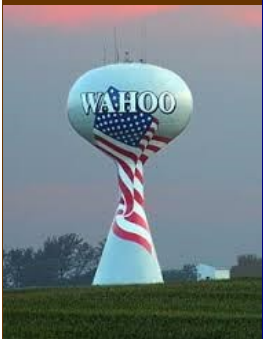
140175-WU—Date Opened: 9/10/2014
Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

140176-WU—Date Opened: 9/10/2014
Application for approval of transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC, in Pasco County.

140177-WU—Date Opened: 9/10/2014
Application for a staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

140186-WU—Date Opened: 9/29/2014
Application for staff-assisted rate case in Brevard County by Brevard Waterworks, Inc.

140188-SU—Date Opened: 9/30/2014
Application for transfer of Certificate No. 538-S from Zachary Taylor Camping & Lodge, Inc. to Taylor Arcade, Inc. d/b/a Zachary Taylor RV Resort in Okeechobee county.



FPSC W/W Dockets CLOSED (since July 2014)



110165-SU—Date Opened: 5/17/2011—Date Closed: 7/10/2014
Application for staff-assisted rate case in Highlands County by Utility Corporation of Florida, Inc.

110238-WU—Dated Opened: 7/29/2011—Date Closed: 8/18/2014
Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.



130065-SU—Date Opened: 3/19/2013—Date Closed: 9/19/2014
Application for transfer of Certificate No. 515-S in Polk County from West Lakeland Wastewater, Inc. to West Lakeland Wastewater, LLC.

130210-WS—Date Opened: 8/5/2013—Date Closed: 8/19/2014
Application for staff-assisted rate case in Polk County by CHC VII, Ltd.



130211-WS—Date Opened: 8/5/2013—Date Closed: 8/18/2014
Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd.

130269-WU—Date Opened: 11/8/2013—Date Closed: 8/20/2014
Joint application for authority to transfer the assets of Venture Associates Utilities Corp. and Certificate No. 488-W in Marion County, Florida to Ocala Palms Utilities, LLC.



140062- WU—Date Opened: 3/31/2014—Date Closed: 7/11/2014
Application for transfer of Water facilities to the City of Zephyrhills, and cancellation of Certificate No. 227-W, by Kemple Water Company.



140086-SU—Date Opened: 4/23/2014—Date Closed: 7/16/2014
Application for increase in wastewater rates in Pinellas County by Mid-County Services, Inc.

140093-WS—Date Opened: 5/7/2014—Date Closed: 7/23/2014
Proposed amendment of Rule 25-30.455, F.A.C., Staff Assistance in Rate Cases, Rule 25-30.456, F.A.C., Staff Assistance in Alternative Rate Setting, and Rule 25-30.457, F.A.C., Limited Alternative Rate Increase.



140115-WS—Date Opened: 5/28/2014—Date Closed: 8/26/2014
Petition for declaratory statement by Continental Utility, Inc. that in providing service only to other entities owned by Continental Country Club R.O., Inc., Continental Utility, Inc. would be exempt from Public Service Commission jurisdiction.

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Appointments to the Florida Public Service Commission

On July 31, 2014, the Florida Public Service Commission Nominating Council (Nominating Council) met in Orlando to designate a list of the "most qualified" applicants to be interviewed as candidates for the two vacancies that will occur on the Florida Public Service Commission (FPSC) when the four-year terms of Commissioners Eduardo Balbis and Julie Brown expire in January 2015. Those selected for an interview were: James Baumstark, Stephen Bart Fletcher, Phillip Leary, Julie Brown, Robert Santoni, Marshall Willis, Norman Doueck, David Murzin, Jerry Fernandez, Astrida Trupovnieks, Calvin Johnson, Stuart Pollins, Kevin Wiehle Patrick Sheehan, Luz Weinberg, and Jimmy Patronis.

Prior to the selection of applicants to be interviewed, the FPSC's General Counsel, Curtis Kiser, withdrew his application.

On August 28, 2014, the Nominating Council met to interview the "most qualified" applicants and to nominate candidates for appointment by the Governor. Those nominated to the Governor were: Julie Brown, David Murzin, Stuart Pollins, Jimmy Patronis, Jerry Fernandez, Patrick Sheehan, and Kevin Wiehle.

On September 18, 2014, Governor Scott chose State Representative Jimmy Patronis and Julie Brown from the most qualified list of the seven finalists. Both appointments take effect in January, when the current terms of Brown and outgoing Commissioner Eduardo Balbis expire.



Patronis



Brown