

# WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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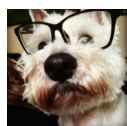
## Florida Public Service Commission Rule Amendments Affecting Water and Wastewater Utilities By: Susan Clark

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

On December 22, 2014, the Florida Public Service Commission (FPSC or Commission) published a Notice of Rulemaking for proposed new rule 25-30.091, *Petition to Revoke Water Certificate of Authorization*, and the amendment of existing Rule 25-30.440, *Additional Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase*. This proposed rulemaking implements 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 the customers have with the quality of water service, each time the issue was reported to the utility, and how long each issue has existed. Petition 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 water service.

New Rule 25-30.091, 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.

Requests for a public hearing on the proposed rulemaking are due January 12, 2015.



#### Upcoming Events - Mark Your Calendars

Date	Event Name	Event	Location
Feb. 15-18, 2015	NARUC	NARUC Winter Meetings	Washington, D.C.

#### Trivia By Pam Keillor

Each country has its own water quality standards that determine to which degree water should be purified, depending on the purpose it will be used for.



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

## Summaries of PSC Orders filed since October 2014

By Susan F. Clark

**PSC-14-0527-CFO-SU**—Date Filed: 10/2/2014

Prehearing Officer's (Graham) order grants Mid-County Services, Inc.'s request for confidential classification for employee salary and benefit information.

**PSC-14-0552-CO-WU**—Date Filed: 10/10/2014

Consummating Order makes effective and final Order No. PSC-14-0495-PAA-WU approving the transfer of Holmes Utilities, Inc.'s (Holmes) water system in Highlands County to Country Walk Utilities, Inc.

**PSC-14-0591-PCO-WS**—Date Filed: 10/22/2014

Order suspends Sanlando Utilities Corporations' proposed final rates for water and wastewater service in Seminole County.

**PSC-14-0593-TRF-WS**—Date Filed: 10/22/2014

Order establishes initial customer deposit amounts for water and wastewater customers of Country Club Utilities, Inc. in Highlands County.

**PSC-14-0596-PCO-WS**—Date Filed: 10/22/2014

Order approves Juniper Creek Utility Company's (Juniper Creek) request for interim rates for water and wastewater service in Sumter County in a Staff Assisted Rate Case (SARC). Juniper Creek is a newly certificated utility for which rates have not been previously established by the Commission. The interim rate increase over current rates for water service is 93.16% and 2.01% for wastewater rates.

**PSC-14-0626-PAA-WU**—Date Filed: 10/29/2014

Proposed Agency Action Order establishes final rates for water service from Little Gasparilla Water Utility, Inc. (Utility) in Charlotte County in a Staff Assisted Rate Case (SARC). The quality of water service was found to be marginal due to failure of Utility to correct deficiencies found by the Department of Environmental Protection (DEP); however, no corrections regarding the deficiencies was required because Utility will discontinue use of wells when it connects via subaqueous interconnection with Charlotte County. A Used and Useful (U&U) amount for plant in service was not established for the water treatment plant and storage tanks due to the pending retirement of those facilities. The proposed subaqueous interconnection was found to be 100% U&U. The distribution system was found to be 57% U&U. Adjustments were made to rate base and revenues and expenses. The return on equity was set at 11.16% based on the Commission-approved leverage formula. The Phase I rate increase approved was 25.47%. A final decision on a Phase II rate increase relating to a new building and meter replacement will be made after the Commission reviews invoices for the completed projects. There was no change to the existing water rate structure, a base facilities charge (BFC) and gallonage charge. Amounts relating to customer deposits, service availability charges were also approved. Finally the Utility was required to show it had adjusted its books for all applicable NARUC USOA primary accounts in accordance with the decision in this case.

**PSC-14-0641-FOF-SU**—Date Filed: 11/3/2014

Order amends the certificate of Forest Utilities, Inc. (Forest or Utility) to include additional service territory in Forest's certificated territory in Lee County. The territory added encompasses the Jamaica Bay Manufactured Home Community (Jamaica Bay). Previously, Forest provided Jamaica Bay with wastewater service under a Bulk Service Agreement executed by the developer of Jamaica Bay. The tariff providing the bulk service was cancelled upon Jamaica Bay being incorporated into Forest's retail wastewater service territory.

**PSC-14-0641A-FOF-SU**—Date Filed: 11/7/2014

Amendatory Order corrects a scrivener's error in Order PSC-14-0641-FOF-SU described above.

**PSC-14-0650-CFO-SU**—Date Filed: 11/5/2014

Prehearing Officer's (Edgar) order grants South Highlands Investment Corporation's request for confidential classification of balance sheet information that includes specific assets and liabilities that are not regulated.

## Summaries of PSC Orders filed since October 2014 (continued)

**PSC-14-0663-CO-WS**—Date Filed: 11/17/2014

Consummating Order makes effective and final Order No. PSC-14-0593-TRF-WS establishing initial customer deposits for water and wastewater customers of Country Club Utilities in Highlands County.

**PSC-14-0672-CO-WU**—Date Filed: 12/3/2014

Consummating Order makes effective and final Order No. PSC-14-0626-PAA-WU approving a rate increase for Little Gasparilla Water Utility for water service on Little Gasparilla Island in Charlotte County.

**PSC-14-0673-PAA-SU**—Date Filed: 12/5/2014

Order approves the transfer of Colony Park Utilities, Inc.'s (Utility) wastewater system in Brevard County to Colony Park Development Utilities, LLC. The existing rates and charges for wastewater service remain in effect. The proposed agency action (PAA) portion of the order establishes the Net Book Value (NBV) of the transferred assets. No acquisition adjustment was requested and none was approved. Although the sale of the Utility was concluded prior to Commission approval in violation of s. 367.071(1), F.S., no penalty was imposed. The seller of the Utility was a bank that had acquired the assets as part of a foreclosure and the expeditious sale of the Utility was part of "a good faith effort to effect a transfer of this Utility that is in the best interests of the customers."

**PSC-14-0679-PAA-SU**—Date Filed: 12/9/2014

Proposed Agency Action (PAA) Order approves a rate increase for wastewater service provided by West Lakeland Wastewater, Inc. (West Lakeland or Utility) in Polk County. This was a limited proceeding to recover the cost of switching from postcard bills to paper bills and the cost to renew the Utility's operating permit. A rate increase of \$2,066 was approved.

**PSC-14-0681-TRF-WU**—Date Filed: 12/9/2014

Order approves W.B.B. Utilities, Inc.'s request to change the customer billing period from quarterly to monthly.

**PSC-14-0683-PCO-WU**—Date Filed: 12/10/2014

Order establishes interim rates for water service in Brevard County by Waterworks, Inc. An increase of 9.96% was approved.

**PSC-14-0685-PCO-WS**—Date Filed: 12/10/2014

Order suspends HC Waterworks, Inc.'s proposed final water and wastewater rates for service in Highlands County.

**PSC-14-0691-PAA-WU**—Date Filed: 12/15/2014

Order approves the transfer of the Brendenwood Utilities, LLC water system in Lake County to Brendenwood Waterworks, Inc. The existing rates and charges for water service remain in effect. In the proposed agency action (PAA) portion of the order, the Net Book Value (NBV) for the transferred assets was established. Because the purchase price was in excess of 80% of the NBV at the time of the transfer, a negative acquisition adjustment was not included.

**PSC-14-0692-PAA-WU**—Date Filed: 12/15/2014

Order approves the transfer of the water system of Raintree Harbor Utilities, LLC in Lake County to Raintree Waterworks. The existing rates and charges for water service remain in effect. In the proposed agency action (PAA) portion of the order, the Net Book Value (NBV) for the transferred assets was established. A positive acquisition was not requested and none was approved.

**PSC-14-0694-PAA-WU**—Date Filed: 12/15/2014

Proposed Agency Action (PAA) Order grants Cedar Acres Inc.'s (Cedar Acres or Utility) request to waive fines for the Utility's failure to file annual reports for the period 2008-2010. The fines were waived due to mitigating circumstances including: the Utility was now current with all annual reports and payments of regulatory assessment fees, including penalties and interest; the Utility had net operating losses for the period 2008-2013; and that the Utility had not had a rate case since 1987, and expressed a desire to file for a Staff Assisted Rate Case (SARC) and the waiver of the fines would help in the Utility paying the necessary filing for the SARC.

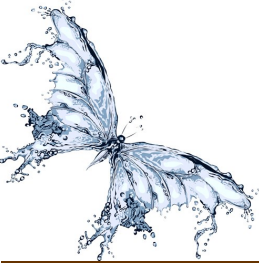
**PSC-14-0695-PCO-WS**—Date Filed: 12/15/2014

Order suspends Labrador Utilities, Inc.'s proposed final water and wastewater rates for service in Pasco County. An interim rate increase of 13.09% for water service and 20.31% for wastewater service was approved.

**FPSC W/W Dockets OPENED (since October 2014)**



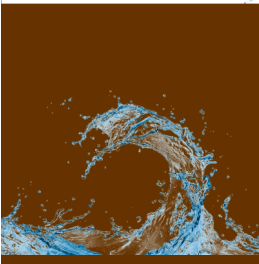
**140194-WU**—Date Opened: 10/3/2014  
Application for amendment of Certificate No. 405-W to add territory in Marion County by Tradewinds Utilities, Inc.



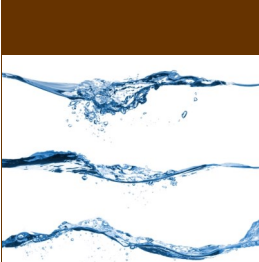
**140205-WS**—Date Opened: 10/21/2014  
Proposed adoption of Rule 25-30.091, F.A.C., Petition to Revoke Water Certificate of Authorization, and proposed amendment of Rule 25-30.440, F.A.C., Additional Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase.



**140208-WS**—Date Opened: 10/22/2014  
Notice of abandonment of water and wastewater systems in Highlands County by Country Club Utilities, Inc.



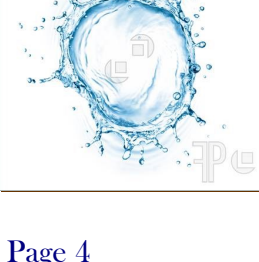
**140217-WU**—Date Opened: 11/17/2014  
Application for staff-assisted rate case in Sumter County by Cedar Acres, Inc.



**140219-WU**—Date Opened: 11/17/2014  
Application for staff-assisted rate case in Polk County by Alturas Utilities LLC.



**140220-WU**—Date Opened: 11/17/2014  
Application for staff-assisted rate case in Polk County by Sunrise Utilities LLC.



**140239-WS**—Date Opened: 12/11/2014  
Application for staff-assisted rate case in Polk County by Orchid Springs Water and Sewer.

**140240-WS**—Date Opened: 12/12/2014  
Application for amendment of Certificate Nos. 404-W and 341-S to extend water and wastewater service areas to include certain additional land in Orange County by Pluris Wedgefield, Inc.


## FPSC W/W Dockets CLOSED (since October 2014)



**100426-WS**—Date Opened: 10/22/2010—Date Closed: 10/1/2014 Application for increase in water and wastewater rates in Lake County by Lake Utility Services, Inc.

**120076-SU**—Date Opened: 4/4/2012—Date Closed: 10/15/2014 Investigation of rates of Mid-County Services, Inc. in Pinellas County for possible overearnings.

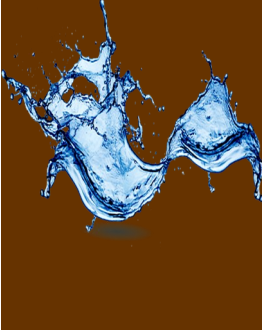
**120161-WS**—Date Opened: 5/24/2012—Date Closed: 10/31/2014 Analysis of Utilities, Inc.'s financial accounting and customer service computer system.



**130171-WS**—Date Opened: 6/24/2013—Date Closed: 10/15/2014 Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County.


**130172-WS**—Date Opened: 6/24/2013—Date Closed: 10/15/2014 Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County.

**130173-WU**—Date Opened: 6/24/2013—Date Closed: 10/15/2014 Application for approval of transfer of certain water facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc. to Lake Osborne Waterworks, Inc. in Palm Beach County.



**130174-WU**—Date Opened: 6/24/2013—Date Closed: 10/15/2014 Application for approval of transfer of certain water facilities and Certificate No. 002-W of Aqua Utilities Florida, Inc. to Brevard Waterworks, Inc. in Brevard County.

**130175-WS**—Date Opened: 6/24/2013—Date Closed: 10/15/2014 Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County.



**130176-WS**—Date Opened: 6/24/2013—Date Closed: 10/15/2014 Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to Jumper Creek Utility Company in Sumter County.

**130230-SU**—Date Opened: 8/27/2013—Date Closed: 11/3/2014 Application for amendment of territory for Certificate No. 300-S in Lee County by Forest Utilities, Inc.

**130243-WS**—Date Opened: 9/30/2013—Date Closed: 11/17/2014 Application for staff-assisted rate case in Highlands County by Lake Placid Utilities Inc.

**130294-WU**—Date Opened: 12/27/2013—Date Closed: 11/3/2014 Application for transfer of water systems and Certificate No. 579-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.



**140157-WS**—Date Opened: 8/21/2014—Date Closed: 11/17/2014 Request to establish initial customer deposits in Highlands County by Country Club Utilities, Inc.

**140173-WS**—Date Opened: 9/10/2014—Date Closed: 10/22/2014 Application for staff-assisted rate case in Levy County by FIMC Hideaway Inc.

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## Happy Holidays From All of Us at Radey

As 2014 draws to a close, we reflect on the year that has passed and look forward to the year ahead. We appreciate the opportunity to work with our many clients and friends in the water and wastewater industry as they pursue new opportunities or navigate challenges in the Florida market. We thank our clients and friends for your support and friendship over the years. We hope you have had an enjoyable holiday season and we wish you the best in the new year.

