

WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Keeping You Informed About Florida

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RADEY
ATTORNEYS & COUNSELORS at LAW

Florida Public Service Commission Rulemaking By Susan Clark

- Rule 25-30.445, F.A.C., *General Information and Instructions Required of Water and Wastewater Utilities in an Application for Limited Proceedings* (Docket No. 160239-WS)

On April 6, 2017, the Florida Public Service Commission (FPSC) issued a Notice of Rulemaking 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 that it has received during the past five years regarding secondary water quality standards set by the Department of Environmental Protection, along with its most recent secondary water quality test results, and to eliminate the prohibition against a water and/or wastewater utility filing a limited proceeding application for underearnings in lieu of a general rate case.

No changes to the rule were made after the Notice of Rulemaking and on May 11, 2017, the FPSC adopted the rule amendments. The rule took effect May 30, 2017.

- New Rules 25-30.444, F.A.C., *General Information and Instructions Required of Water and Wastewater Utilities to Create a Utility Reserve Fund*, and 25-30.4445, F.A.C., *Notice of Application for a Utility Reserve Fund* (Docket No. 160246-WS)

On March 9, 2017, the FPSC issued a Notice of Rulemaking to create Rules 25-30.444, and 25-30.4445, F.A.C. The proposed rules implement the 2016 amendments to Section 367.0981, F.S., authorizing the establishment of a reserve fund for infrastructure repair or replacement by regulated water and wastewater utilities.

Rule 25-30.444, F.A.C., implements a utility reserve fund. Subsection (1) sets forth the projects eligible for the utility reserve fund. Subsection (2) sets forth the filing requirements in an application for a utility reserve fund, including the requirements for a capital improvement plan. Subsection (3) provides reporting requirements for the utilities so the Commission can track the monies collected for the utility reserve fund. Subsection (4) lists the information that a utility must provide to the Commission in order to receive Commission authorization for disbursement of the reserve fund monies. Subsection (5) sets forth the filing requirements to request a modification of the reserve fund. Subsection (6) of the rule provides the conditions under which the Commission will determine the final disposition of a utility reserve fund.

Rule 25-30.4445, F.A.C., provides the noticing requirements for the application for a utility reserve fund, including applications filed as stand-alone applications or applications filed in conjunction with another rate case proceeding.

On May 8, 2017, the FPSC issued a Notice of Change to proposed Rule 25-30.444, to clarify that the reserve fund can only be used for repairs “to existing distribution and collection infrastructure that is nearing the end of its useful life or is detrimental to water quality and reliability.” The change was made in response to a suggestion by the Joint Administrative Procedures Committee (JAPC).

On May 31, 2017, the FPSC issued Order No. PCS-17-0211-FOF-WS adopting Rules 25-30.444 and 25-30.445 (with the changes suggested by the JAPC). The rules took effect June 20, 2017.

Summaries of PSC Orders filed since April 2017 (continued)

PSC-17-0107A-PAA-WS—Date Filed: 04/11/2017

Amendatory Order corrects scrivener's error in the first paragraph on Page 22 in Order No. PSC-17-0107-PAA-WS. The correction strikes the phrase “For East Marion’s preliminary interim rates, we designed a more conservation-oriented rate structure” in the first line of the first paragraph, and the word “however” in the second sentence of the same first paragraph (Docket No. 150257-WS).

PSC-17-0118-PCO-WS—Date Filed: 04/04/2017

Third Order Revising Order Establishing Procedure in proceedings on Utilities, Inc. of Florida’s (UIF) application for a rate increase for water and wastewater service in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties approving the Office of Public Counsel’s request for authority to propound 100 additional interrogatories to UIF (Docket No. 160101-WS).

PSC-17-0137-CO-WS—Date Filed: 04/19/2017

Consummating Order makes effective and final Order PSC-17-0107-PAA-WS (as amended by Order No. PSC-17-0107A-PAA-WS) approving a rate increase for East Marion Utilities, LLC in a staff-assisted rate case (SARC) for water and wastewater service in Marion County (Docket No. 150257-WS).

PSC-17-0139-CO-WU—Date Filed: 04/21/2017

Consummating Order makes effective and final Order PSC-17-0108-PAA-WU granting a rate increase to Camachee Cove Yacht Harbor Utility for water service in St. Johns County in a limited proceeding (Docket No. 160145-WU).

PSC-17-0142-CO-WS—Date Filed: 04/27/2017

Consummating Order makes effective and final Order PSC-17-0113-PAA-WS, setting initial rates for water and wastewater service in Hendry and Collier Counties by Consolidated Services of Hendry and Collier Counties, LLC (Docket No. 130105-WS).

PSC-17-0143-PCO-WS—Date Filed: 04/27/2017

Order requests Summertree Water Alliance (SWA) file additional comments concerning whether SWA meets the “three prong associational standing test.” The Order specifically requests information that demonstrates the number of SWA members affected by the FPSC’s decision, whether the subject matter is within SWA’s scope of interest and activity and whether the relief requested is of a type appropriate for SWA to receive on behalf of its members (Docket No. 160101-WS).

PSC-17-0144-PAA-WU—Date Filed: 04/27/2017

Proposed Agency Action Order approves Charlie Creek Utility’s (Charlie Creek or Utility) application for a rate increase for water service in Hardee County 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 50% used and useful (U&U), the water storage capacity was 100% U&U and the water distribution system was 55% U&U. The order also established the rate base for the Utility, which had not previously been established due to the lack of original documentation from the previous owner of the Utility, at \$26,617. The return on equity (ROE) was set at 11.16% based on the Commission-approved leverage formula. However, rates were set using the Operating Ratio Method because the “traditional calculation of revenue requirements [based on ROE] would not provide sufficient revenue to protect against variances in revenues and expenses.” A 10% margin on O&M was used to set rates. Several adjustments were made to operating and maintenance expenses. A 14.78% increase in revenues was approved. The rate structure approved included a base facilities charge (BFC), designed to recover 43% of the revenue requirement. For residential rates, a gallonage charge of \$4.00 per 1,000 gallons for usage up to 4,000 gallons and a rate of \$5.01 per 1,000 gallons for usage in excess of 4,000 was approved. The charge for general service customers was set at \$4.43 per 1,000 gallons. Rate increases were also approved for miscellaneous services and a late payment charge, convenience charge and a meter tampering charge were also approved. The initial customer deposit required of residential customers was also set and the plant

Summaries of PSC Orders filed since April 2017 (continued)

capacity charge was eliminated (Docket No. 160143-WU).

PSC-17-0145-CO-WU—Date Filed: 05/02/2017

Consummating Order makes effective and final Order No. PSC-17-0092-PAA-WU approving the transfer of Orangeland Water Supply in Pasco County to Orange Land Utilities (Docket No. 160144-WU).

PSC-17-0146-PCO-WS—Date Filed: 05/02/2017

Order grants Seminole County's motion to intervene in Utilities Inc. of Florida's (UIF) application for a rate increase in water and wastewater service in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties. However, due to the lateness of the intervention, Seminole County was limited to making an opening statement at the technical hearing, was found to have waived its right to present testimony at the technical hearing or the customer hearing scheduled for May 8, 2017, and was limited to conducting cross-examination and filing post-hearing comments on rate structure issues identified in the prehearing order and "on other issues as deemed appropriate by the presiding officer" (Docket No. 160101-WS).

PSC-17-0147-PCO-WS—Date Filed: 05/02/2017

Order by Prehearing Officer (Brisé) denies Office of Public Counsel's (OPC) request to strike portions of rebuttal testimony and exhibits of Utilities, Inc. of Florida's (UIF) witness Patrick Flynn. The order concludes the rebuttal testimony was "properly proffered for the specific purpose of rebutting [OPC] witness Woodstock's direct testimony" (Docket No. 160101-WS).

PSC-17-0148-PHO-WS—Date Filed: 05/02/2017

Prehearing Order issued in Utilities Inc. of Florida's (UIF) application for a rate increase for water and wastewater service in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties sets forth the issues, order of witnesses, and procedures for the May 8-May 12 technical hearing to be held on UIF's application (Docket No. 160101-WS).

PSC-17-0150-PCO-WS—Date Filed: 05/04/2017

Order grants Summertree Water Alliance's (SWA) request for intervention in the Utilities Inc. of Florida's (UIF) application for an increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties. The order notes SWA has waived its right to present testimony at the technical hearing due to the late request for intervention and representatives of SWA were prohibited from providing testimony at the May 8, 2017, customer hearing.

PSC-17-0151-CFO-WS—Date Filed: 05/05/2017

Order grants Utilities, Inc. of Florida's (UIF) motion for a temporary protective order for confidential business information relating to UIF's general ledger for certain years, budgets for certain years, employee salaries, and proposed acquisitions (Docket No. 160101-WS).

PSC-17-0152-CFO-WS—Date Filed: 05/05/2017

Order grants Utilities, Inc. of Florida's (UIF) motion for temporary protective order for confidential business information relating to loan documents and work papers regarding UIF's short-term debt (Docket No. 160101-WS).

PSC-17-0153-CFO-WS—Date Filed: 05/05/2017

Order grants Utilities, Inc. of Florida's (UIF) motion for temporary protective order for confidential business information relating to the hourly rate for certain employees of UIF who assisted in the rate case (Docket No. 160101-WS).

Summaries of PSC Orders filed since April 2017 (continued)

PSC-17-0154-CFO-WS—Date Filed: 05/05/2017

Order grants Utilities, Inc. of Florida's motion for temporary protective order for confidential business information relating to employee compensation (Docket No. 160101-WS).

PSC-17-0155-PCO-WS—Date Filed: 05/05/2017

Order grants Ann Marie Ryan's petition to intervene in Utilities, Inc. of Florida's (UIF) application for an increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties. The order notes Ms. Ryan has waived her right to present testimony at the technical hearing due to her late request for intervention and Ms. Ryan was prohibited from providing testimony at the May 8, 2017, customer hearing. Ms. Ryan's counsel was permitted to make an opening statement, conduct cross-examination and file a post-hearing brief on issues the Summertree Water Alliance took positions in the prehearing order and other issues deemed appropriate by the presiding officer (Docket No. 160101-WS).

PSC-17-0157-PCO-WS—Date Filed: 05/05/2017

Order denies Summertree Water Alliance's and Ann Marie Ryan's motion to dismiss Utilities, Inc. of Florida's (UIF) application for an increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties on the basis that the motion was untimely (Docket No. 160101-WS).

PSC-17-0158-CFO-WS—Date Filed: 05/05/2017

Order grants Utilities, Inc. of Florida's (UIF) request for confidential classification of certain information (identified by specific reference to page and line within documents submitted) contained in Board of Directors Minutes, Account 2640.43 correction documents and the Audited Financial Statement Equity Balance Schedule (Docket No. 160101-WS).

PSC-17-0159-CFO-WS—Date Filed: 05/05/2017

Order grants Utilities, Inc. of Florida's (UIF) request for confidential classification of certain information provided in connection with UIF's 2013, 2014, and 2015 financial statements (Docket No. 160101-WS).

PSC-17-0162-CFO-WS—Date Filed: 05/08/2017

Order grants Utilities, Inc. of Florida's (UIF) request for confidential classification of certain information relating to UIF's compensation policies and actual compensation information (Docket No. 160101-WS).

PSC-17-0163-CFO-WS—Date Filed: 05/08/2017

Order grants Utilities, Inc. of Florida's (UIF) request for confidential classification of certain information relating to the hourly rate for certain UIF employees (Docket No. 160101-WS).

PSC-17-0204-CO-WU—Date Filed: 05/22/2017

Consummating Order makes effective and final Order No. PSC-17-0144-PAA-WU granting Charlie Creek Utility's application for a rate increase for water service in Hardee County (Docket No. 160143-WU).

PSC-17-0209-PAA-WU—Date Filed: 05/30/2017

Proposed Agency Action Order grants an increase in rates to Bocilla Utilities, Inc. (Bocilla or Utility) for water service in Charlotte County. The overall quality of service was found to be unsatisfactory "based on the customer complaints regarding the quality of the Utility's product and the Utility's customer service," so the return on equity (ROE) for the Utility was reduced by 50 basis points. Adjustments were made to rate base and revenues and expenses. The water transmission and distribution was found to be 100%

Summaries of PSC Orders filed since April 2017 (continued)

used and useful (U&U). (The Utility has no wells and purchases all its water from the Englewood Water District). The allowed range of ROE was 10.16% to 12.16% based on the Commission-approved leverage formula; however, because of the unsatisfactory water quality, rates were set at 10.66%, which is 50 basis points below the midpoint of the allowed range. A revenue increase of 24.80% was approved. The rate structure approved was a base facilities charge (BFC) designed to recover 56.11% of the revenue for both residential and general service and a gallonage charge. A three-tiered gallonage charge for residential service was approved: for 0-3,000 gallons of usage the rate is \$6.35; for 3,001-12,000 gallons of usage the rate is \$7.94; and for over 12,000 gallons of usage the rate is \$15.87. The gallonage charge for general service customers is \$9.27 per 1,000 gallons. A repression adjustment was included in the calculation of rates. Additional charges approved were: a late payment charge of \$7.12, a meter installation charge of \$364.00; a main extension charge of \$1,421.00; and a customer initial deposit charge of \$183.00 for 5/8 x 3/4 inch meter size (the deposit charge for all other meter sizes is two times the average estimated bill.) Additionally the Utility was authorized to continue the existing Allowance for Funds Prudently Invested (AFPI) charge of \$1,292.31, but the existing system capacity charge of \$3,000 was eliminated. A partial refund (7.8%) of the interim rates was ordered (Docket No. 160-065-WU).

PSC-17-0218-FOF-WS—Date Filed: 06/13/2017

Order acknowledges the transfer of the water and wastewater facilities of MSKP Town and County Utility, LLC in Charlotte and Lee Counties to Babcock Ranch Community Independent Special District, a governmental authority (Docket No. 170016-WS).

PSC-17-0225-FOF-WS—Date Filed: 06/14/2017

Order grants the transfer of majority organizational control of B&C Water Resources, LLC (B&C) and D&E Water Resources, LLC (D&E) to Weyerhaeuser N R Company (Weyerhaeuser). B&C and D&E are wholly owned subsidiaries of Plum Creek Manufacturing Holding Company which was merged into Weyerhaeuser. B&C serves seven water customers in Baker and Union Counties. D&E holds certificates to provide both water and wastewater service in Flagler and Volusia Counties, but is not serving any customers. Current rates and charges for service remain in effect (Docket No. 160238-WS).

PSC-17-0242-FOF-SU—Date Filed: 06/22/2017

Order denies K W Resort Utilities Corporation's (KWRU) Motion for Reconsideration and Harbor Shores Condominium Unit Owners Association's (Harbor Shores) Motion for Reconsideration. KWRU's motion argued the Commission had overlooked two components of the total pro forma project costs and certain fixed costs incurred in the operation of the new treatment plant. The Commission rejected these bases for reconsideration stating it did not overlook or fail to consider the evidence on these matters. KWRU also asked for reconsideration of the Commission's reuse adjustment and an adjustment made to the test year, which was also denied. Harbor Shores asked for reconsideration of the Commission's decision to classify Harbor Shores as a general service customer but continue to be billed a base facility charge (BFC) based on 64 Equivalent Residential connections (ERC). The Commission denied the requested reconsideration stating Harbor Shores had failed to identify a fact or law the Commission overlooked or failed to consider (Docket No. 150071-SU).

PSC-17-0243-FOF-WS—Date Filed: 06/23/2017

Order denies Office of Public Counsel's (OPC) request for reconsideration of the prehearing officer's order (Commissioner Brisé) denying OPC's motion to strike portions of Utilities Inc. of Florida (UIF) Witness Flynn's rebuttal testimony in UIF's application for an increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole Counties. The Commission granted and heard oral argument on the motion for reconsideration (Docket No. 160101-WS).

Summaries of PSC Orders filed since April 2017 (continued)

PSC-17-0248-CO-WU—Date Filed: 06/26/2017

Consummating Order makes effective and final Order No. PSC-17-0209-PAA-WU granting an increase in rates for water service for customers of Bocilla Utilities Inc. in Charlotte County (Docket No. 160065-WU).

PSC-17-0249-PAA-WS—Date Filed: 06/26/2017

Proposed Agency Action Order establishes the 2017 authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), Florida Statutes. The proposed return on equity range is 8.74 percent at 100 percent equity ratio to the 11.16 percent at 40 percent equity ratio. For utilities with an equity ratio less than 40 percent, the return on equity is capped at 11.16 percent (Docket No. 170006-WS).



Upcoming Events - Mark Your Calendars

Date	Event Name	Event	Location
<i>July 16-19, 2017</i>	<i>NARUC</i>	<i>NARUC Summer Policy Summit</i>	<i>Sheraton San Diego Hotel and Marina San Diego, CA</i>
<i>August 3, 2017 Following Internal Affairs</i>	<i>Special Agenda</i>	<i>Docket No. 160101-WS Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida</i>	<i>Room 148</i>

FPSC W/W Dockets OPENED (since April 2017)



170078-WU—Date Opened: 4/3/2017
Request for approval of an increase to convenience fees charged to customers, by Wildwood Water Company, Inc.

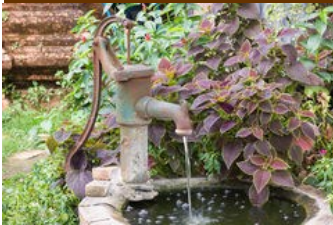
170086-SU—Date Opened: 4/13/2017
Investigation into the billing practices of K W Resort Utilities Corp. in Monroe County.

170114-WU—Date Opened: 5/16/2017
Application for transfer of facilities and water Certificate No. 165-W from Allen LaFortune and Otis Fonder c/o Tropical Park Water Systems to A Utility Inc.

170141-SU—Date Opened: 6/09/2017
Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.

170142-SU—Date Opened: 6/12/2017
Application for amendment of Certificate No. 137-S for extension of wastewater service territory in Brevard County, by Merritt Island Utility Company, Inc.

170147-WS—Date Opened: 6/22/2017
Application for staff-assisted rate case in Levy County by FIMC Hideaway, Inc.



FPSC W/W Dockets CLOSED (since April 2017)

130105-WS—Date Opened: 4/29/2013—Date Closed: 6/08/2017
Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.

150149-WS—Date Opened: 5/26/2015—Date Closed: 6/26/2017
Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.

150181-WU—Date Opened: 8/10/2015—Date Closed: 5/31/2017
Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.

150257-WS—Date Opened: 12/03/2015—Date Closed: 6/22/2017
Application for staff-assisted rate case in Marion County, by East Marion Utilities, LLC.

160143-WU—Date Opened: 6/3/2016—Date Closed: 6/27/2017
Application for staff-assisted rate case in Hardee County by Charlie Creek Utilities, LLC.

160144-WU—Date Opened: 6/6/2016—Date Closed: 5/24/2017
Application for transfer of Certificate No. 288-W in Pasco County from Orange-land Water Supply to Orange Land Utilities, LLC.

160145-WU—Date Opened: 6/7/2016—Date Closed: 5/10/2017
Application for limited revenue proceeding in St. Johns County, by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility.

150149-WS—Date Opened: 5/26/2015—Date Closed: 6/26/2017
Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.

160169-WU—Date Opened: 7/13/2016—Date Closed: 5/16/2017
Application for authority to transfer water system and Certificate No. 450-W from Pine Harbour Water Utilities, LLC to Pine Harbour Waterworks, Inc. in Lake County.

160238-WS - Date Opened: 11/15/2016—Date Closed: 6/14/2017
Application of B & C Water Resources, L.L.C. and D & E Water Resources, L.L.C. for transfer of majority organizational control.

160239-WS—Date Opened: 11/28/2016—Date Closed: 5/11/2017
Proposed amendment of Rule 25-30.445, F.A.C., General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding.

160246-WS—Date Opened: 12/19/2016—Date Closed: 5/31/2017
Proposed adoption of Rule 25-30.444, F.A.C., Utility Reserve Fund, and 25-30.4445, F.A.C., Notice of Application for Utility Reserve Fund.

170016-WS—Date Opened: 1/12/2017—Date Closed: 6/13/2017
Application for transfer of water and wastewater facilities to Babcock Ranch Community Independent Special District in Charlotte and Lee County, and cancellation of Certificate Nos. 613-W and 543-S, by MSKP Town and Country Utility, LLC.



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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



On May 4, 2017, Radey shareholder Brittany Adams Long graduated from the Leadership Tallahassee Class 34. She joins firm president Travis Miller who is a Leadership Tallahassee alumnus from Class 16.

Leadership Tallahassee is a program of the Greater Tallahassee Chamber of Commerce. Their mission is to cultivate a diverse network of emerging and experienced leaders committed to improving the community.

The Women's Energy and Innovation Network (WeIN), whose Executive Director is Radey Shareholder Susan F. Clark, held its inaugural conference at the Eau Palm Resort in Manalapan, Florida, May 3-5, 2017. The conference convened an elite group of women executives, consumer advocates, regulators and legislators across the power and utilities sector to discuss infrastructure-related issues – opportunities and challenges. A goal of the conference was to develop a list of ideas that could form the basis of future collaboration.

“This was a very successful conference described by many participants as being the best professional conference they have ever attended” said Susan Clark. “We identified a number of areas for future discussion and collaboration as we endeavor to facilitate the deployment of the utility infrastructure needed to best serve customers. I want to congratulate Julia Johnson and her team at Net Communications for all their hard work in making this conference a resounding success.”



Trivia By Pam Keillor

Most of the world's people must walk at least 3 hours to fetch water.



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