

# WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

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Keeping You Informed About Florida

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## Appointment of Florida Public Service Commissioners

By: Susan Clark

On August 17, 2018, Governor Rick Scott reappointed Commissioners Julie Brown and Gary Clark to the Florida Public Service Commission for four-year terms ending January 2023. The appointments are subject to Florida Senate confirmation in the 2019 Regular Legislative Session.

## Florida Public Service Commission Rulemaking

By: Susan Clark

### 2018 Regulatory Plan

On September 21, 2018, the Florida Public Service Commission (FPSC) published its 2018 Regulatory Plan addressing rulemaking the FPSC will be undertaking as a result of newly enacted or amended laws; rulemaking the FPSC expects to undertake before July 1, 2019; and laws which were identified in the prior years' regulatory plan as requiring rulemaking to implement, for which a notice of proposed rule has not been published.

The following rules affecting the water and wastewater industry were identified as rules the FPSC expects to address prior to July 1, 2019:

- Amendment to Rule 25-30.0371, F.A.C., *Acquisition Adjustments*, to update the rule to address current industry practices.
- Creation of new Rule 25-30.xxx, F.A.C., *Water Transmission Distribution and Wastewater Collection Used and Useful Considerations*, to codify Commission policy on water and wastewater collection used and useful considerations.
- Amendment of Rule 25-30.420, F.A.C., *Establishment of Price Index*, to reflect the revision of the form for water utilities to obtain a price index adjustment.
- Creation of new rule, Rule 25-30.xxx, F.A.C., *Water Quality Testing In Water Distribution System*, to implement water quality testing procedures.
- Creation of new rule, Rule 25-30.4575, F.A.C., *Operating Ratio Methodology*, to codify the Commission' practice of applying an alternative form of calculating revenue requirement for small water and wastewater utilities.
- Amendment of Rule 25-30.335, F.A.C., *Customer Billing*, to provide clarity and increased efficiency for implementing certain miscellaneous service charges, as proposed in the revision of Rule 25-30.460, F.A.C., *Application for Miscellaneous Service Charges*.
- Amendment of Rule 25-30.110, F.A.C., *Record and Reports; Annual Reports*, to determine whether an amendment is needed to update the rule that was last amended in 1999.
- Creation of Rule 25-22.108, F.A.C., *Change of Regulated Utility Contact Information*, to specify that all regulated utilities are required to update the utility's contact information with the Commission.

## Florida Public Service Commission Rulemaking (continued)

### **Rule 25-30.4575, *Operating Ratio Methodology***

On September 20, 2018, the Florida Public Service Commission opened Docket No. 20180141-WS to address the use of the operating ratio for water and wastewater utilities in staff assisted rate cases (Proposed Rule 25-30.4575, *Operating Ratio Methodology*).

### **Rule 25-30.420, *Establishment of Price Index, Adjustment of Rates, Requirement of Bond; Filings After Adjustment; Notice of Customers***

On September 26, 2018, the FPSC issued a Notice of Development of Rulemaking for Rule 25-30.420, *Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers*. The purpose of the rulemaking is to clarify and update the price index application.

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### **Summaries of PSC Orders Filed since July 2018**

**By: Susan Clark**

#### **PSC-2018-0271A-PAA-WS—Date Filed: 08/20/2018**

Order amends Order No. PSC-2018-0271-PAA-WS to change the word “non-discretionary” to “discretionary” in the second paragraph on page 8 of the Order (Docket No. 20160220-WS).

#### **PSC-2018-0339-CO-WS—Date Filed: 07/09/2018**

Consummating Order makes effective and final Order No. PSC-2018-0311-PAA-WS, approving a rate increase for water and wastewater service in Orange County by Pluris Wedgefield, Inc. in a limited rate increase proceeding (Docket No. 20170166-WS).

#### **PSC-2018-0350-CO-WS—Date Filed: 07/18/2018**

Consummating Order makes effective and final Order No. PSC-2018-0327-PAA-WS, establishing the 2018 leverage formula used to calculate a reasonable range of returns on equity (ROE) for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S. (Docket No. 20180006-WS).

#### **PSC-2018-0353-CO-SU—Date Filed: 07/19/2018**

Consummating Order makes effective and final Order No. PSC-2018-0320-PAA-SU, approving the transfer of a wastewater system from Zachary Taylor Company & Lodge to Coastal Income Properties—Zachary Taylor, LLC (Docket No. 20170173-SU).

#### **PSC-2018-0358-CO-WS—Date Filed: 07/24/2018**

Consummating Order makes effective and final Order No. PSC-2018-0328-PAA-WS, granting Certificate Nos. 671-W and 573-S to Coastal Income Properties—The Harbor, LLC to provide water and wastewater service in Polk County (Docket No. 20170178-WS).

#### **PSC-2018-0365-CO-WS—Date Filed: 07/25/2018**

Consummating Order makes effective and final Order PSC-2018-0330-TRF-WS, approving Indiantown Company, Inc.’s gross up tariffs for contributions-in-aid-of-construction (CIAC) for water and wastewater service in Martin County (Docket No. 20180042-WS).

#### **PSC-2018-0366-CO-WU—Date Filed: 07/25/2018**

Consummating Order makes effective and final Order No. PSC-2018-0331-TRF-WU, approving Peoples Water Service Company of Florida, Inc.’s gross-up tariffs for contributions-in-aid-of-construction (CIAC) for water service in Escambia County (Docket No. 20180059-WU).

## Summaries of PSC Orders Filed since July 2018 (continued)

### **PSC-2018-0377-PAA-SU**—Date Filed: 07/30/2018

Proposed Agency Action Order approves the transfer of a wastewater system in Polk County from West Lakeland Wastewater, Inc. to West Lakeland. The existing rates and charges for wastewater service remain in effect; however, because of the utility's negative net book value, the main extension charge and the plant capacity charge were discontinued. A net book value (NBV) of negative \$68,857 (which value was approved in a 2013 staff assisted rate case) was established. No acquisition adjustment was approved (Docket No. 20170246-SU).

### **PSC-2018-0389-PAA-WS**—Date Filed: 08/02/2018

Proposed Agency Action Order approves a rate increase for water and wastewater service in Levy County by FIMC Hideaway, Inc. (FIMC or Utility) in a staff assisted rate case (SARC). The overall quality of service by FIMC was determined to be "marginal until the utility can sufficiently demonstrate that it meets DEP's secondary water standards" (there were no quality of service issues noted for the wastewater service). The Utility was instructed to file "the results of its next primary and secondary water standard tests . . . by November 1, 2018." FIMC's water treatment and distribution system plant, and wastewater treatment plant and collection system were each found to be 100% used and useful (U & U). Adjustments were made to rate base and to revenues and operating expenses. The return on equity (ROE) was set at 9.01 percent based on the Commission-approved leverage formula; however, rates were set using the operating ratio methodology to allow a "higher margin of revenue over operating expenses than the traditional return on rate base method would allow." The rate increases allowed were "an annual increase of \$5.247 for water (12.59 percent) and \$4.023 for wastewater (7.66 percent)." The rate structure approved for water service is base facilities charge (BFC) designed to recover 50 percent of the revenue requirement and a gallonage charge. A continuation of a gallonage charge only for residential irrigation customers was also approved. The rate structure approved for wastewater service also included a BFC designed to recover 50 percent of the revenue requirement and a residential gallonage cap of 6,000 gallons. Also approved for wastewater service was "a residential flat rate based on the Commission-approved BFC and average consumption of 2,488 gallons per month," and a general service gallonage charge 1.2 times greater than the residential gallonage charge. Other charges approved were initial customer deposits and service availability charges (Docket No. 20170147-WS).

### **PSC-2018-0390-CO-WU**—Date Filed: 08/03/2018

Consummating Order makes effective and final Order No. PSC-2018-0334-PAA-WU, approving Seminole Waterworks, Inc.'s application for a grandfather water certificate for water service in Leon County (Docket No. 20170155-WU).

### **PSC-2018-0430-CO-WS**—Date Filed: 08/27/2018

Consummating order makes effective and final Order No. PSC-2018-0389-PAA-WS, approving a rate increase to FIMC Hideaway, Inc. for water and wastewater service in Levy County in a staff assisted rate case (SARC) (Docket No. 20170147-WS).

### **PSC-2018-0439-PAA-WU**—Date Filed: 08/28/2018

Proposed Agency Action Order approves a rate increase for water service in Pasco County by Orange Land Utilities (Orange Land or Utility) in a staff assisted rate case (SARC). The overall quality of service was found to be satisfactory, and the water treatment plant and distribution system continue to be considered 100 percent used and useful (U & U). Adjustments were made to rate base and to revenues and operating expenses. The return on equity (ROE) was set at 10.32 percent based on the Commission-approved leverage formula. An annual rate increase of \$5,364 (23.72 percent) was approved. The rate structure approved is a base facilities charge (BFC) designed to recover 45 percent of the revenue requirement with a two-tier gallonage charge of one rate for the first 4,000 gallons and a higher rate for usage above 4,000 gallons. A repression adjustment was used in the calculation of rates. The amounts for initial customer deposit were also increased (Docket No. 20170230-WU).

## Summaries of PSC Orders Filed since July 2018 (continued)

**PSC-2018-0441-PAA-WU**—Date Filed: 08/29/2018

Proposed Agency Action Order grants a waiver to Lake Talquin Water Company (Lake Talquin) of Rule 25-30.120, Florida Administrative Code, which requires water and wastewater utilities under Commission jurisdiction to remit annual regulatory assessment fees (RAF). The RAF for Lake Talquin is waived for a period of one year from the date of the Commission's vote on the waiver or until Lake Talquin's grandfather certificate is issued and rates are approved, whichever occurs first (Docket No. 20170253-WU).

**PSC-2018-0444-PAA-SU**—Date Filed: 08/31/2018

Proposed Agency Action Order requires K W Resort Utilities Corporation (the Utility) to make refunds to Safe Harbor Marina and Sunset Marina due to improper billing of those customers for wastewater service. The Utility was also show caused as to why it should not be fined \$10,000 for violation of Sections 367.081(1) and 367.091 (3), Florida Statutes (Docket No. 20170086-SU).

**PSC-2018-0446-FOF-SU**—Date Filed: 09/04/2018

Final Order approves KW Resort Utilities Corporation's (KWRU or Utility) application for an increase in wastewater rates in Monroe County. The wastewater collection system was found to be 100% used and Useful (U & U) and the wastewater treatment plant was determined to be 71.5% U & U. Adjustments wer made to rate base and to operating revenues and expenses. The return on equity (ROE) was set at 10.39% based on the Commission-approved leverage formula. A rate increase of 50.61 percent was approved, which increase was applied across-the-board to existing rates, and an increase in charges for initial connection, normal reconnection and premise visit, and late payment were also approved. The charge for lift cleaning was also increased, and the initial customer deposit amount was set at \$161 for a residential (5/8" x 3/4") meter (Docket No. 20170141-SU).

**PSC-2018-0456-CO-SU**—Date Filed: 09/10/2018

Consummating Order makes effective and final Order No. PSC-2018-0377-PAA-SU, approving the transfer of a wastewater system in Polk County from West Lakeland Wastewater, Inc. to West Lakeland (Docket No. 20170246-SU).

**PSC-2018-0460-PCO-SU**—Date Filed: 09/11/2018

Order grants the Joint Motion of the City of Clermont (Clermont) and Utilities, Inc. of Florida (UIF) for a continuance of the hearing set in UIF's application for transfer of wastewater collection, treatment and disposal facilities in Lake County from Barrington Estates Property Holdings Homeowners' Association to UIF. Clermont filed an objection to the application for transfer (Docket No. 20170174-SU).

**PSC-2018-0470-CO-WU**—Date Filed: 09/20/2018

Consummating order makes effective and final Order No. PSC-2018-0439-PAA-WU, approving a rate increase for water service in Pasco County by Orange Utilities (Docket No. 20170230-WU).





**FPSC W/W Dockets OPENED (since July 2018)**

**20180134-WU**—Date Opened: 7/05/2018  
Application for quick-take amendment of Certificate No. 450-W in Lake County by Pine Harbour Waterworks, Inc.

**20180138-SU**—Date Opened: 7/20/2018  
Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.

**20180141-WS**—Date Opened: 7/24/2018  
Proposed adoption of Rule 25-30.4575, F.A.C., Operating Ratio Methodology.

**20180142-WS**—Date Opened: 7/26/2018  
Initiation of show cause proceedings against Palm Tree Acres Mobile Home Park, in Pasco County, for noncompliance with Section 367.031, F.S., and Rule 25-30.033, F.A.C.

**20180150-WU**—Date Opened: 8/01/2018  
Application for transfer of water facilities to City of Ocala Water and Sewer, and cancellation of Certificate No. 427-W, by Windstream Utilities Company.

**20180161-WS**—Date Opened: 8/31/2018  
Application for gross-up of CIAC in Polk County, by Gold Coast Utility Corp.

**20180174-WU**—Date Opened: 9/14/2018  
Application to transfer facilities and Certificate No. 627-W in Polk County from Sunrise Utilities, LLC to Sunrise Water, LLC.

**20180175-WU**—Date Opened: 9/14/2018  
Application to transfer facilities and Certificate No. 628-W in Polk County from Alturas Utilities, L.L.C. to Alturas Water, LLC.

**20180179-WU**—Date Opened: 9/26/2018  
Application for limited proceeding rate increase in Gulf County, by Lighthouse Utilities Company, Inc.

**FPSC W/W Dockets CLOSED (since July 2018)**

**20160220-WS**—Date Opened: 10/11/2016—Date Closed: 8/03/2018  
Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.

**20170155-WU**—Date Opened: 7/19/2017—Date Closed: 8/06/2018  
Application for grandfather water certificate in Leon County and application for pass through increase of regulatory assessment fees, by Seminole Waterworks, Inc.

**20170166-WS**—Date Opened: 7/28/2017—Date Closed: 9/18/2018  
Application for limited proceeding rate increase in Orange County by Pluris Wedgefield, Inc.

**20170171-WS**—Date Opened: 8/07/2017—Date Closed: 9/18/2018  
Resolution of the Board of County Commissioners of Leon County declaring Leon County subject to the provisions of Section 367, Florida Statutes.

**20180014-WS**—Date Opened: 1/12/2018—Date Closed: 7/18/2018  
Investigation of allowance for funds prudently invested (AFPI) in Lake County, by Utilities, Inc. of Florida.

**20180042-WS**—Date Opened: 2/20/2018—Date Closed: 7/25/2018  
Application for approval of tariff for the gross-up of CIAC in Martin County, by Indiantown Company, Inc.

**20180059-WU**—Date Opened: 2/28/2018—Date Closed: 7/25/2018  
Application for approval of tariff for the gross-up of CIAC in Escambia County, by Peoples Water Service Company of Florida, Inc.

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### Upcoming Events—Mark Your Calendars

Date	Event Name	Event	Location
11/11-14/18	NARUC	<i>National Association of Regulatory Utility Commissioners' 130th Annual Meeting and Education Conference</i>	<i>Loews Royal Pacific Orlando</i>

## Radey Family News

Radey Law Firm proudly announces the following shareholders were chosen by their peers for inclusion in *The 25th Edition of The Best Lawyers in America*. Donna Blanton, Susan Clark, Bert Combs, Travis Miller, Harry Thomas and David Yon. Blanton is listed in the practice area of Administrative/Regulatory Law and Government Relations; Clark is listed under Utilities Law; Combs, Miller, Thomas and Yon are listed in the practice area of Insurance Law.