

# WATER & WASTEWATER INDUSTRY QUARTERLY REPORT

Volume 9, Issue 4

Keeping You Informed About Florida

December 2018



**RADEY**  
ATTORNEYS & COUNSELORS at LAW

## Florida Public Service Commission Rulemaking

By: Susan Clark

### Rule 25-30.4575, F.A.C.

On December 11, 2018, the Florida Public Service Commission (FPSC) deferred action on proposed Rule 25-30.4575, F.A.C., *Operating Ratio Methodology* (ORM) addressing the use of the ORM in staff-assisted rate cases.

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## Summaries of PSC Orders Filed since October 2018

By: Susan Clark

### **PSC-2018-0493-CO-WU**—Date Filed: 10/05/2018

Consummating order makes effective and final Order No. PSC-2018-0441-PAA-WU granting a waiver to Lake Talquin Water Company of Rule 25-30-120, Florida Administrative Code, which requires payment of regulatory assessment fees (Docket No. 20170253).

### **PSC-2018-0514-PCO-SU**—Date Filed: 10/24/2018

Order grants extension of time to the Office of Public Counsel (OPC) to respond to KW Resort Utilities Corp's (KWRU) motion to dismiss OPC's request for an evidentiary hearing on protested portions of the Proposed Agency Action order in the investigation into KWRU's billing practices (Docket No. 20170086-SU).

### **PSC-2018-0541-FOF-WU**—Date Filed: 11/19/2018

Order approves Pine Harbour Waterworks, Inc.'s (Pine Harbour) application to amend its certificate to provide water service in Lake County to include seven homes outside Pine Harbour's certificated territory, which homes are currently being served by Pine Harbour (Docket No. 20180134-WU).

### **PSC-2018-0549-PAA-WS**—Date Filed: 11/19/2018

Proposed Agency Action Order approves a rate increase for River Ranch Water Management, LLC (River Ranch) for water and wastewater service in Polk County. The overall quality of service provided by River Ranch was found to be satisfactory. The water treatment plant, the wastewater treatment plant, the water distribution system, the wastewater collection system and the water storage system were all found to be 100% used and useful (U&U). Adjustments were made to rate base and revenues and operating expenses. The return on equity was set at 8.11% using the Commission-approved leverage formula. A rate increase of 24.6% for water and 35.9% for wastewater was approved. The flat rate structure for both water and wastewater service was continued, however, River Ranch was directed to "meter all water connections and confirm that all meters have been properly calibrated by December 31, 2018," and provide 12 months of usage data beginning on January 1, 2019, so Commission Staff can "evaluate the data for purposes of recommending a base facility charge and gallonage charge rate structure at a subsequent Agenda Conference." Charges for non-sufficient funds, late payment, initial connection, normal reconnection, violation reconnection and premises visits were approved, as were amounts for initial deposits (Docket No. 20170219-WS).

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

### **PSC-2018-0552-PAA-WU**—Date Filed: 11/19/2018

Order approves a rate increase to Pine Harbour Waterworks, Inc. (Pine Harbour or Utility) for water service in Lake County in a staff assisted rate case (SARC). The overall quality of the service provided by Pine Harbour was found to be satisfactory. The water treatment plant, water storage system and water distribution system were found to be 100% used and useful (U&U). Due to excessive unaccounted for water (EUW) an adjustment was made to operating expenses for chemicals and purchased power. A rate base was established for the Utility, which had not previously had a rate case or had a rate base established. The return on equity was set at 8.11% based on the Commission-approved leverage formula. Adjustments were made to revenues and operating expenses. A revenue increase of 43.56% was approved. The rate structure approved for residential service was a base facilities charge (BFC) designed to recover 43% of the revenue requirement and a two-tiered gallonage charge. A repression adjustment was included in the rate calculation. The customer deposit charge was increased (Docket No. 20180022—WU).

### **PSC-2018-0553-PAA-WU**—Date Filed: 11/19/2018

Order approves a rate increase for Country Walk Utilities, Inc. (Country Walk or Utility) for water service in Highlands County in a staff assisted rate case (SARC). The overall quality of the service was found to be satisfactory. The Commission noted that the Utility was working to incorporate Department of Environmental Protection (DEP) “guidance into its operating methodology and has returned to compliance with disinfection by product standards,” and has worked closely with customers to “discuss potential operational solutions” to customer needs. The water treatment plant, water storage system and water distribution system were all found to be 100% used and useful (U&U). A year-end rate base was used to address the significant improvements made to the water system in the test year to address water quality concerns (including installation of a “forced draft aeration treatment system and a hydropneumatic tank bypass). Other adjustment were made to rate base and to revenues and expenses. The return on equity was set at 8.11% based on the Commission-approved leverage formula. A rate increase of 93.98% was approved. The rate structure approved was a base facilities charge (BFC) designed to recover 45% of the revenue requirement with a two-tier gallonage charge for residential customers, and for general service customers, a BFC based on meter size with a uniform gallonage charge. A repression adjustment was included in the rate calculation. The initial deposit charge and late payment charge were increased, and charges for initial connection, normal reconnection, violation reconnection, and premises visits were approved (Docket No. 20180021-WU).

### **PSC-2018-0554-PAA-WS**—Date Filed: 11/20/2018

Order approves the transfer of water and wastewater facilities in Lake County from Lake Yale Treatment Associates, Inc. (LYTA) to Lake Yale Utilities, LLC (Lake Yale) and establishes net book value for the transferred assets. No acquisition adjustment was requested and none was approved. The existing rates and charges remain in effect; however, Lake Yale was authorized to collect initial deposits (Docket No. 20170220-WS).

### **PSC-2018-0556-FOF-WU**—Date Filed: 11/20/2018

Order acknowledges the transfer of Windstream Utilities Company's water utility in Marion County to the City of Ocala (Docket No. 20180150).

### **PSC-2018-0558-TRF-WS**—Date Filed: 11/21/2018

Order approves a gross-up of contributions-in-aid-of-construction (CIAC) tariff for Gold Coast Utility Corporation (GCUC) for water and wastewater service in Polk County. The change in the federal tax law discontinued the exemption for CIAC collections from gross income for water and wastewater facilities making it necessary to allow water and wastewater utilities to recover the tax on CIAC from the contributor (Docket No. 20180161-WS).

### **PSC-2018-0560-PCO-SU**—Date Filed: 11/26/2018

Order by Prehearing Officer (Brown) grants an extension to KW Resort Utilities Corp (KWRU) to respond to the Office of Public Counsel's Motion for Partial Summary Order in the case regarding refunds to certain KWRU customers. Due to the Thanksgiving Holiday an extension of 10 days was given for KWRU (Docket No. 20170086-SU).

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

**PSC-2018-0561-PAA-WS**—Date Filed: 11/26/2018

Order approves the transfer of water and wastewater facilities in Manatee County of Heather Hills Estates Utilities (HHEU) to Heather Hills Utilities, LLC (Heather Hills) and establishes the netbook value of the transferred facilities. Existing rates and charges remain in effect; however, Heather Hills was also authorized to collect initial customer deposits. No acquisition adjustment was requested and none was approved (Docket No. 20170151-WS).

**PSC-2018-0576-CO-WU**—Date Filed: 12/13/2018

Consummating order makes effective and final Order No. PSC-2018-0552-PAA-WU, approving a rate increase to Pine Harbour Waterworks for water service in Lake County (Docket No. 20180022-WU).

**PSC-2018-0579-CO-WU**—Date Filed: 12/17/2018

Consummating order makes effective and final Order No. PSC-2018-0553-PAA-WU, approving a rate increase to Country Walk Utilities for water service in Highland County (Docket No. 20180021-WU).

**PSC-2018-0580-CO-WS**—Date Filed: 12/17/2018

Consummating order makes effective and final Order No. PSC-2018-0549-PAA-WS, granting a rate increase to River Ranch Water Management, LLC for water and wastewater service in Polk County (Docket No. 20170219-WS).

**PSC-2018-0583-CO-WS**—Date Filed: 12/17/2018

Consummating order makes effective and final Order No. PSC-2018-0558-TRF-WS, approving a gross-up of contributions-in-aid-of-construction (CIAC) tariff for Gold Coast Utility Corporation for water and wastewater service in Polk County (Docket No. 20180161-WS).

**PSC-2018-0584-FOF-SU**—Date Filed: 12/17/2018

Order grants an extension of time to ESAD Enterprises, Inc. d/b/a/ Beach Sewer Systems, Inc. to complete the Phase II pro forma items approved in Order No. PSC-2017-0383-PAA-SU relating to wastewater service in Gulf County to January 26, 2019 (Docket No. 20160165-SU).

**PSC-2018-0587-PAA-WU**—Date Filed: 12/17/2018

Order approves the transfer of water facilities in Alachua County from Kincaid Hills Water Company to Gator Waterworks Company (Gator Waterworks). Existing rates and charges for water service remain in effect. Net Book Value for the transferred facilities was set at \$63,321. No acquisition adjustment was requested and none was approved (Docket No. 2018066-WU).

**PSC-2018-0588-FOF-WU**—Date Filed: 12/18/2018

Order dismisses show cause proceedings against Kincaid Hills Water Company (KHWC) in Alachua County due to the transfer of water facilities from KHWC to Gator Waterworks Company (Docket No. 20170200-WU).

**PSC-2018-0591-PAA-WS**—Date Filed: 12/19/2018

Order grants a rate increase to Orchid Springs Development Corporation for water and wastewater service in Polk County in a limited proceeding. Addressed in the limited proceeding were rate base; rate of return on equity and overall rate of return; operating expenses related to land maintenance, purchased wastewater treatment, purchased emergency water, and salaries; and rate case expense. The operating ratio method for calculating the revenue requirement was used for water service and return on rate base was used for calculating the revenue requirement for wastewater service. A rate increase of 8.35 percent for water and 11.73 percent for wastewater was approved. The revenue increase was applied across-the-board to water and wastewater rates (Docket No. 20180063-WS).

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

**PSC-2018-0592-CO-WS**—Date Filed: 12/19/2018

Consummating order makes effective and final Order PSC-2018-0554-PAA-WS, approving the transfer of water and wastewater facilities in Lake County from Lake Yale Treatment Associates, Inc. to Lake Yale Utilities, LLC (Docket No. 20170220-WS).

**PSC-2018-0595-TRF-SU**—Date Filed: 12/20/2018

Order approves a monthly standby charge of \$11.79 for ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc. (the Utility) for wastewater in Gulf County. The Utility serves customers in Port St. Joe which was impacted considerably by Hurricane Michael in October 2018, and approximately 76 customers of the Utility cannot utilize wastewater service, which customers will pay the standby charge in lieu of the monthly flat rate charge of \$43.03 until such time as such customers again utilize wastewater service (Docket No. 20180219-SU).

**PSC-2018-0553A-PAA-WU**—Date Filed: 12/21/2018

Amendatory Order amends Order No. PSC-2018-0553-PAA-WU (Country Walk Utilities rate case) to replace Attachment A with Corrected Attachment A (Docket No. 20180021-WU).

**PSC-2018-0561A-PAA-WS**—Date Filed: 12/21/2018

Amendatory Order amends Order PSC-2018-0561-PAA-WS (transfer of water and wastewater systems in Manatee County to Heather Hills Utilities) to reflect the removal of the 6,000 gallon cap from Schedule 3, the Quarterly Wastewater Rates (Docket No. 20170151-WS).

**PSC-2018-0612-PAA-WS**—Date Filed: 12/27/2018

Order establishes 2019 price index at 2.36 percent for water and wastewater utilities (Docket No. 20180005-WS).

## FPSC W/W Dockets OPENED (since October 2018)

**20180190-WS**—Date Opened: 10/17/2018

Request for approval of late payment charge by FIMC Hideaway, Inc. in Levy County.

**20180196-WU**—Date Opened: 10/24/2018

Application for quick-take amendment of Certificate No. 363-W in Marion County by Sunshine Utilities.

**20180202-SU**—Date Opened: 10/30/2018

Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

**20180212-WS**—Date Opened: 11/15/2018

Application for gross-up of CIAC in Brevard County, by Aquarina Utilities, Inc.

**20180214-WS**—Date Opened: 11/20/2018

Application to transfer facilities and Certificate Nos. 542-W and 470-S in Putnam County from St. John's River Club Utility Company, LLC to St. Johns River Estates Utilities, LLC.

**20180215-WS**—Date Opened: 11/26/2018

Petition for limited alternative rate increase in Highlands County by LP Waterworks, Inc.

**20180216-WU**—Date Opened: 11/26/2018

Petition for limited alternative rate increase in Lake County by Lake Idlewild Utility Company.

**20180217-WS**—Date Opened: 11/26/2018

Petition for limited alternative rate increase in Sumter County by Jumper Creek Utility Company.

**20180218-SU**—Date Opened: 11/26/2018

Application for staff-assisted rate case in Brevard County by TKCB, Inc.

**20180219-SU**—Date Opened: 11/28/2018

Request for approval of amendment to tariff to charge a standby charge to customers significantly impacted by Hurricane Michael in Gulf County, by ESAD Enterprises, Inc. d/b/a Beaches Sewer System.

**20180232-WU**—Date Opened: 12/26/2018

Application for transfer of facilities of water Certificate No. 453-S from a regulated utility to an exempt entity other than a governmental authority, by Pine Island Cove Homeowner's Association, Inc.

## FPSC W/W Dockets CLOSED (since October 2018)

**20170200-WU**—Date Opened: 9/7/2017—Date Closed: 12/18/2018

Initiation of show cause proceedings against Kincaid Hills Water Company, in Alachua County, for noncompliance with Sections 350.113, 350.117, 367.121, and 367.145, Florida Statutes, and Rules 25-30.110, 25-30.120, 25-30.355, and 25-22.032, Florida Administrative Code.

**20170230-WU**—Date Opened: 10/26/2017—Date Closed: 12/05/2018

Application for staff-assisted rate case in Pasco County by Orange Land Utilities, LLC.

**20180134-WU**—Date Opened: 7/05/2018—Date Closed: 11/19/2018

Application for quick-take amendment of Certificate No. 450-W in Lake County by Pine Harbour Waterworks, Inc.

**20180150-WU**—Date Opened: 8/01/2018—Date Closed: 11/20/2018

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—Date Closed: 12/21/2018

Application for approval of tariff for the gross-up of CIAC for water and wastewater rates in Polk County, by Gold Coast Utility Corp.

**20180190-WS**—Date Opened: 10/17/2018—Date Closed: 12/27/2018

Request for approval of late payment charge by FIMC Hideaway, Inc. in Levy County.

**20180196-WU**—Date Opened: 10/24/2018—Date Closed: 12/20/2018

Application for quick-take amendment of Certificate No. 363-W in Marion County by Sunshine Utilities.

**20180229-WS**—Date Opened: 12/10/2018—Date Closed: 12/10/2018

Application to transfer water and wastewater facilities and Certificate Nos. 542-W and 470-S in Putnam County from St. John's River Club Utility Company, LLC to St. John's River Estates Utilities, LLC.

**20180229-WS**—Date Opened: 12/10/2018—Date Closed: 12/10/2018

Application to transfer water and wastewater facilities and Certificate Nos. 542-W and 470-S in Putnam County from St. John's River Club Utility Company, LLC to St. John's River Estates Utilities, LLC.

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### Upcoming Events—Mark Your Calendars

Date	Event Name	Event	Location
2/10-13/19	NARUC	2019 Winter Policy Summit	Renaissance Washington Hotel, Washington, D.C.

