

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for amendment of Certificate of Authorization No. 247-W, to extend water service area to include land in Seminole County, by Sanlando Utilities Corporation.

DOCKET NO. 150230-WU  
ORDER NO. PSC-16-0107-PAA-WU  
ISSUED: March 15, 2016

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman  
LISA POLAK EDGAR  
ART GRAHAM  
RONALD A. BRISÉ  
JIMMY PATRONIS

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING SANLANDO UTILITIES CORPORATION'S  
PETITION FOR RULE WAIVER

AND

ORDER APPROVING SANLANDO UTILITIES CORPORATION'S PETITION TO EXTEND  
WATER SERVICE AREA AND GRANTING WATER MAIN EXTENSION CHARGE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the decision granting a rule waiver discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

On October 26, 2015, Sanlando Utilities Corporation (Sanlando or Utility) filed an application with this Commission to amend Certificate No. 247-W to add territory in Seminole County. The Utility plans to extend its service territory in order to provide water service to the Myrtle Lake Hills subdivision, which has 116 lots (5 of which are vacant).

Sanlando's original water certificate was granted in 1976. The Utility's territory has been amended 12 times and has had 4 territory deletions. There have been four transfers of majority control for this Utility. We have jurisdiction pursuant to sections 120.542 and 367.045, Florida Statutes (F.S).

Extension of Water Territory

The Utility's application to amend its authorized service territory is in compliance with the governing statute, Section 367.045, F.S., and Rule 25-30.036, F.A.C., Application for Amendment to Certificate of Authorization to Extend or Delete Service Area. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C, Notice of Application and of Customer Meeting. No objections to the application have been received and the time for filing such has expired. The application contains a warranty deed, evidence that the Utility owns the land upon which the Utility facilities are located. Adequate service territory maps and territory descriptions have also been provided.

The proposed service territory is intended to serve 116 lots in the Myrtle Lake Hills subdivision adjacent to the Utility's existing service area. The residents of the subdivision are experiencing deteriorating water quality from their individual wells, such as high iron content and wells drying up with limited areas to drill new wells. Sanlando already serves ten customers in the subdivision as a result of Dockets Nos. 040384-WS and 080644-WS. Docket No. 040384-WS was an amendment to extend its water territory because Sanlando was serving outside its service area. There was a settlement agreement with Seminole County, which included eight residents of the Myrtle Lake Hills subdivision for Sanlando to serve. Docket No. 080644-WS was a quick take amendment in which two residents of the subdivision had wells that failed. The residents of the Myrtle Lake Hills subdivision developed a survey and provided Sanlando with the survey responses. Out of the 99 survey responses, 59 residents have expressed that they support the construction of the water system and wish to become customers of Sanlando. Of the same survey responses, 31 residents expressed that they support the construction and wish to become a customer of Sanlando at a later date. Nine residents did not support the construction and do not wish to become a customer of the Utility. Sanlando indicated to the residents that it is not mandatory to become a customer of the Utility.

In addition to the survey responses, there is one resident who spoke with Commission staff and expressed her support of the construction and wishes to become a customer of Sanlando as soon as possible. This same resident also provided written comments on February 10, 2016, supporting the amendment request. Included in her comments is an explanation of Myrtle Lake Hills groundwater quality prepared by an engineer with the Florida Rural Water Association and lab results of the water from her well. The lab results show iron is at 7.00 milligram per liter (mg/L) when Florida Department of Environmental Protection's (DEP) maximum contaminant level is 0.3 mg/L. On January 14, 2016, another resident of the subdivision provided us with comments expressing his approval of the amendment request.

The residents of the Myrtle Lake Hills subdivision will be charged a main extension charge of \$5,526, plus a plant capacity fee of \$225 and a meter fee of \$150 at the time when service is requested. The plant capacity fee and meter fee are consistent with the Utility's current tariff. The main extension charge is addressed below.

The Utility was granted a rate increase in 2015<sup>1</sup> and at that time, we found the overall quality of service of Sanlando to be satisfactory. Based upon our review of the financial information provided in this docket, the Utility's financial ability to operate a utility has not diminished since that time. The Utility has filed its 2014 Annual Report and is current with the payment of its 2015 Regulatory Assessment Fees. The estimated additional water demand for the subdivision represents less than 1 percent of the current flows and the water treatment plant has sufficient capacity to support the extra flows. According to the application, the provision of water services in the proposed service territory is consistent with the Seminole County Comprehensive Plan and there are no outstanding Consent Orders or Notices of Violation from DEP. Therefore, we find that Sanlando has the financial and technical ability to service the amended territory.

### Conclusion

Based on the information above, we find that it is in the public interest to amend certificate No. 247-W to include the territory as described in Attachment A, effective March 1, 2016, the date of this Commission's vote. This order shall serve as Sanlando's amended certificates and shall be retained by the Utility. The Utility shall charge the customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by this Commission in a subsequent proceeding.

### Rule Waiver

On December 28, 2015, Sanlando filed a Petition seeking a waiver of Rule 25-30.565, F.A.C. The waiver is sought in connection with Sanlando's Petition to amend its authorized service territory. Sanlando currently serves 10,172 water customers in Seminole County.<sup>2</sup> Our approval of Sanlando's territory extension will result in an additional 111 existing single family homes, and 5 vacant single family home lots.

Pursuant to Section 120.542(6), F.S., notice of the petition for variance or waiver was published in the Florida Administrative Register on January 7, 2016. No written comments were received, and the time for such has expired.

Section 120.542(2), F.S., authorizes this Commission to grant variances or waivers from agency rules where the person subject to the rule has demonstrated that the purpose of the underlying statute will be or has been achieved by other means, and strict application of the rule would cause the person substantial hardship or would violate principles of fairness. "Substantial hardship" as defined in the statute means demonstrated economic, technological, legal, or other hardship. "Principles of fairness" are violated when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.

---

<sup>1</sup>Order No. PSC-15-0233-PAA-WS, issued June 3, 2015, in Docket No. 140060-WS, In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

<sup>2</sup>Id.

The purpose of the underlying statute, Section 367.101(1), F.S., is to ensure that we set just and reasonable charges and conditions for service availability. A waiver of Rule 25-30.565, F.A.C., in the instant case will not prevent us from meeting its statutory requirements under Section 367.101(1), F.S.

In its petition, Sanlando is not seeking to implement a service availability charge on the Utility's entire customer base. The cost of construction of water lines and soft costs associated with this proceeding, such as permitting costs and legal expenses, will be reimbursed by the 116 lots to be added to the system. The Utility's remaining 10,172 existing customers and any future customers of Sanlando added to the system outside this proceeding will remain unaffected. Sanlando has provided us with the preliminary costs of the proposed main extension to serve the additional 116 lots, allowing us to calculate a just and reasonable charge for the new customers to be added to the system, satisfying the purpose of Section 367.101(1), F.S.

Additionally, we find that Sanlando has demonstrated that application of the rule would create a substantial hardship and violate the principles of fairness. Sanlando asserts that application of the rule would create a substantial hardship to the Utility and its customers due to the substantial documentation required by the rule. The customers to be added to the system only account for 1 percent of Sanlando's customer base. However, if the Utility were required to fulfill the filing requirements within Rule 25-30.565, F.A.C., the cost to satisfy the rule could reach \$10,000. Sanlando asserts, and we agree, that this would place a financial burden on the Utility's customers. We find that the strict application of Rule 25-30.565, F.A.C., in the instant docket would create a substantial hardship and violate the principles of fairness.

### Conclusion

Based on the foregoing, we find that Sanlando has demonstrated that the purpose of the underlying statute will be achieved and that application of Rule 25-30.565, F.A.C., in the instant docket would both create a substantial hardship and violate the principles of fairness. Therefore, we find that the requested waiver of Rule 25-30.565, F.A.C., shall be granted.

### Main Extension Charge

In its filing, Sanlando proposed a water main extension charge of \$5,526 per lot for the 116 property owners in the Myrtle Lake Hills subdivision. The Utility does not currently have a specific water main extension charge; however, the Utility's service availability policy provides that customers should pay for the cost of main extensions, consistent with Rule 25-30.580, F.A.C. In support of the Utility's main extension charge for the Myrtle Lake Hills subdivision, the Utility provided the preliminary cost of the proposed main extension to serve the 116 lots. The cost estimate, totaling \$641,000, includes the projected construction costs, engineering design, permitting and bidding, legal expenses, survey and legal description expenses, and county right-of-way permitting. We find this amount is a reasonable cost estimate to extend the Utility's lines to serve the Myrtle Lake Hills subdivision.

This request is consistent with Sanlando's tariff in that it results in the cost causer paying the cost of this expansion. Normally, the main extension charge is paid by the developer at the

time the line is constructed; however, in this instance it may take several years for all 116 property owners to connect to the system. This charge is only applicable to the 116 property owners in the Myrtle Lake Hills subdivision.

Conclusion

Sanlando shall be authorized to collect a water main extension charge of \$5,526 per lot from the 116 property owners in the Myrtle Lake Hills subdivision. This charge is reasonable and consistent with the guidelines set forth in Rule 25-30.580, F.A.C., and is hereby approved. The approved charge shall be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475, F.A.C. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, these approved rates shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Sanlando Utilities Corporation's petition to amend Certificate No. 247-W to include the territory described in Attachment A, is hereby approved, effective March 1, 2016. It is further

ORDERED that Sanlando Utilities Corporation's petition for waiver of Rule 25-30.565, F.A.C., is hereby approved. It is further

ORDERED that Sanlando Utilities Corporation is hereby authorized to collect a water main extension charge of \$5,526 per lot from the 116 property owners in the Myrtle Lake Hills subdivision. It is further

ORDERED that the main extension charge shall be effective for service rendered on or after the stamped approval date of the tariff. It is further

ORDERED that the Utility shall file revised tariff sheets and a proposed customer notice to reflect this Commission's approved rates. It is further

ORDERED that the Utility shall provide proof of the date the notice was given within 10 days of the date of the notice. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be remain open for Commission staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by Commission staff.

ORDER NO. PSC-16-0107-PAA-WU  
DOCKET NO. 150230-WU  
PAGE 6

By ORDER of the Florida Public Service Commission this 15th day of March, 2016.



CARLOTTA S. STAUFFER  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KRM

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on the tariff portion approving a main extension charge and the action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action approving a rule waiver proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 5, 2016.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) with respect to the tariff and proposed agency action portions of this order before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

**Sanlando Utilities Corporation**

**Description of Proposed Service Territory**

Current Territory:

That portion of Section 25, Township 20 South, Range 29 East, Seminole County, Florida, being more particularly described as follows:

Commence from the Northeast corner of Section 25, Township 01 South, Range 29 East and run 1,868.2 feet North 89°28'20" West; thence run South 0°31'40" West a distance of 1,790.9 feet to the Point of Beginning, thence run East 188 feet; thence run South 210 feet; thence run West 188 feet; thence run North 208 feet to the Point of Beginning.

Myrtle Lake Hill Subdivision:

A tract of land lying in section 25, Township 20 South, Range 29 East, Seminole County, Florida, being more particularly described as follows:

Commencing at the intersection of West Right-of-Way line of Interstate No. 4 with the North line of said Section 25, Township 20 South, Range 29 East; thence East 2550 feet, thence South 500 feet to the POINT of BEGINNING; thence South 45° West 600 feet, thence West 160 feet, thence South 150 feet, thence East 140 feet, thence South 110 feet, thence West 150 feet, thence South 75 feet, thence West 125 feet, thence South 755 feet, thence East 275 feet, thence South 160 feet, thence West 350 feet, thence South 150 feet, thence East 1800 feet to the East line of Section 25, Township 20 South, Range 29 East, thence North 1010 feet, thence North 22° West 878.2 feet, thence West 676.75 feet to the POINT of BEGINNING.



**FLORIDA PUBLIC SERVICE COMMISSION**

**authorizes**

**Sanlando Utilities Corporation**

**pursuant to**

**Certificate Number 247-W**

to provide water service in Seminole County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
7128	02/26/1976	750737-WS	Original Certificate
8354	06/12/1978	780097-W	Amendment
9843	03/03/1981	780727-W	Territory Deletion
		780813-WS	Territory Deletion
		780952-W	Territory Deletion
9846	03/03/1981	800643-WS	Amendment
10084	06/19/1981	810179-WS	Amendment
10326	10/07/1981	810362-WS	Amendment
12567	09/30/1983	830237-WS	Amendment
14180	03/14/1985	840436-WS	Amendment
15331	11/04/1985	850551-WS	Amendment
15750	02/26/1986	860066-WS	Amendment
16748	10/20/1986	861178-WU	Amendment
PSC-99-0152-FOF-WS	01/25/1999	980957-WS	Transfer of Majority Control
PSC-01-2316-FOF-WS	11/27/2001	010887-WS	Transfer of Majority Control
PSC-04-0532-AS-WS	05/25/2004	030667-WS	Territory Amendment and Deletion
PSC-04-0782-FOF-WS	08/10/2004	030667-WS	Reconsideration and Clarification
PSC-06-0094-FOF-WS	02/09/2006	050499-WS	Transfer of Majority Control
PSC-06-0752-FOF-WS	09/05/2006	040384-WS	Amendment
PSC-09-0093-FOF-WU	02/13/2009	080644-WU	Amendment
PSC-12-0497-FOF-WS	09/27/2012	120084-WS	Transfer of Majority Control
PSC-16-0107-PAA-WU	03/15/2016	150230-WU	Amendment

**Sanlando Utilities Corp. – Myrtle Lake Hills Subdivision  
Service Availability Charges**

**Main Extension Charge**

per Residential Lot

\$5,526