

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificate to provide
water service in St. Johns County, by Riverdale
Utility Holding, Inc.

DOCKET NO. 20240011-WU
ORDER NO. PSC-2025-0092-PAA-WU
ISSUED: March 24, 2025

The following Commissioners participated in the disposition of this matter:

MIKE LA ROSA, Chairman
ART GRAHAM
GARY F. CLARK
ANDREW GILES FAY
GABRIELLA PASSIDOMO SMITH

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING INITIAL RATES AND CHARGES
AND
FINAL ORDER GRANTING ORIGINAL CERTIFICATE NO. 686-W FOR
RIVERDALE UTILITY HOLDING, INC.

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of original certificates, 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 January 3, 2024, Riverdale Utility Holding, Inc. (Riverdale or Utility) filed its application for an original water certificate in St. Johns County. The area is in the St. Johns River Water Management District (SJRWMD) and is in a water resource caution area. The Utility anticipates providing service to approximately 298 water customers. Wastewater service will be provided by individual septic systems.

The Utility's initial application was found to be deficient. The Utility corrected the deficiencies on May 22, 2024, making this the official filing date of the completed application. Pursuant to Section 367.031, Florida Statutes (F.S.), we shall grant or deny an application for a certificate of authorization within 90 days of the official filing date of the completed application. On June 14, 2024, St. Johns County (County) timely filed an objection to the Utility's application and requested the matter be set for hearing. By Order No. PSC-2024-0439-PCO-WU, issued October 8, 2024, this matter was set for hearing with a hearing date of April 28-30, 2025. On November 25, 2024, the County withdrew its objection, and the hearing was canceled. With the resumption of the informal proceeding, the statutory deadline for this docket was January 31,

2025. However, on December 2, 2024, the Utility waived the statutory deadline to February 4, 2025, and on January 2, 2025, the Utility waived the statutory deadline to March 4, 2025.

The territory proposed to be served by Riverdale is owned or controlled by a related party which intends to develop the property. The Utility's service area will consist of single family homes. The water treatment plant and the associated distribution system will be designed to supply the maximum daily demand and the peak hour demand. The plant will consist of 3 wells which will provide 0.09 million gallons per day of potable water. The water treatment will consist of pre-filtration followed by reverse osmosis for brackish water, de-gasification, pH adjustment, and disinfection. Reverse osmosis concentrate disposal will be by spray irrigation.

This order addresses whether an original certificate should be granted and the appropriate initial rates and charges. We have jurisdiction pursuant to Sections 367.031, 367.045, and 367.081, F.S.

Decision

I. Riverdale Utility Holding, Inc.'s Application for a Water Certificate

Riverdale filed an application for an original water certificate to provide service in St. Johns County on January 3, 2024. The application is in compliance with the governing Statute, Section 367.045, F.S., and other pertinent statutes and administrative rules concerning an application for original certificates.

Notice

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. The notice of application for an initial certificate of authorization for a water certificate was mailed to the entities required and customers and landowners in the proposed service territory on May 11, 2024, and was published in a newspaper of general circulation in the area on May 15, 2024. On June 14, 2024, St. Johns County filed an objection to Riverdale's application for an original water certificate and requested the matter be set for hearing. In addition, six residents in the proposed service territory filed timely objections to the notice of application. Our staff mailed letters to each of these residents, five on June 12, 2024, and one on June 19, 2024, asking whether they wished to request a hearing and requesting a response by July 12, 2024. None of the residents responded to our staff's letter to request a hearing. Pursuant to the County's objection and request for a hearing, the matter was set for a hearing to be held on April 28-30, 2025. On November 25, 2024, the County withdrew its objection and the hearing was canceled. Subsequent to the County's withdrawal of its objection, we received 16 additional letters from residents opposing Riverdale's application for a certificate, however, these objections were filed outside the 30-day window prescribed by Rule 25-30.030(4)(h), F.A.C.

Land Ownership and Service Territory

Riverdale submitted an executed quitclaim deed in the name of the Utility, and stated it will file a recorded copy of the deed within the time prescribed in the order granting the certificate, as required by Rule 25-30.033(m), F.A.C. The Utility is required to file a recorded

copy of the deed within 60 days of the issuance of the subsequent order granting the certificate. Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.033(1)(j), F.A.C. A description of the territory requested by the applicant is appended to this order as Attachment A.

Financial and Technical Ability

Rule 25-30.033(1)(h), F.A.C., requires a statement showing the financial ability of the applicant to provide service, a detailed financial statement, and a list of all entities upon which the applicant is relying to provide funding. Regarding financial ability, Riverdale provided detailed financial statements for two related entities, Riverdale Heritage Land Inc. and Semanik Investment Corporation. Additionally, the Utility stated that these entities along with John Semanik, the owner of Riverdale, will provide land, cash, and financing guarantees necessary to construct and operate the Utility. We have traditionally allowed reliance on a parent company's financial ability.¹ Our reasoning relies on the logical vested interest of a parent company in the financial stability of its related parties. We have reviewed the related party's financial statements and believe the Utility has shown adequate and stable funding reserves. Therefore, we find that Riverdale has demonstrated that it will have access to adequate financial resources to operate the Utility.

Regarding technical ability, Riverdale stated in its application that it has no prior experience operating a water system, but that it plans to contract with a licensed, experienced plant operations company for operation and maintenance. The Utility provided a list of three companies that are under consideration for the plant operation and maintenance.

Based on the above, Riverdale has demonstrated the technical and financial ability to provide service to the proposed service territory.

Conclusion

Based on the foregoing, we grant Riverdale Certificate No. 686-W to serve the territory described in Attachment A, effective the date of our vote. The resultant order shall serve as Riverdale's water certificate and it shall be retained by the Utility. Further, the Utility shall file a copy of its recorded Deed in the docket file within 60 days of the issuance of the subsequent order granting the certificate.

¹ Order No. PSC-2024-0380-PAA-WS, issued August 28, 2024, in Docket No. 20240023-WS, *In re: Application for certificates to provide water and wastewater services and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.*; Order No. PSC-2022-0437-PAA-WS, issued December 27, 2022, in Docket No. 20220088-WS, *In re: Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.*; Order Nos. PSC-17-0059-PAA-WS, issued February 24, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*; and Order No. PSC-13-0484-FOF-WS, issued October 15, 2013, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.*

II. Water Rates and Return On Investment For Riverdale

Projected Rate Base

Consistent with our practice in applications for original certificates, rate base is identified only as a tool to aid in setting initial rates and is not intended to formally establish rate base. Based on Riverdale's growth projections, the Utility anticipates operating at 80 percent of its design capacity in 2035. The Utility's proposed rate base calculations, as well as our adjustments, are described below.

Riverdale proposed utility plant in service balance (UPIS) of \$5,105,734. We do not have any adjustments to the Utility's proposed balance. As such, we find a UPIS balance of \$5,105,734 is appropriate.

The Utility proposed a land and land rights balance of \$1,040,000. We have no adjustments to the Utility's proposed balance. As such, we find a land and land rights balance of \$1,040,000 is appropriate.

Riverdale proposed an accumulated depreciation balance of \$1,647,151. Based on the plant balance, we recalculated accumulated depreciation using the depreciation rates established by Rule 25-30.140, F.A.C. As a result, accumulated depreciation shall be decreased by \$262,032. As such, we find an accumulated depreciation balance of \$1,385,119 is appropriate.

In its filing, the Utility proposed a contributions in aid of construction (CIAC) balance of \$3,331,287. Based on our revised connection fees, the CIAC balance shall be decreased by \$397,062. As such, we find a CIAC balance of \$2,934,225 is appropriate.

Riverdale proposed an accumulated amortization of CIAC balance of \$919,344. We recalculated accumulated amortization of CIAC using the correct accounts and deprecation rates. As a result, we find that accumulated amortization of CIAC shall be decreased by \$473,757. As such, we find an accumulated amortization of CIAC balance of \$445,587 is appropriate.

The Utility proposed a working capital allowance of \$22,813 based on one-eighth of the estimated operation and maintenance (O&M) expenses of the system. We have previously allowed this methodology in original certificate cases as the O&M expenses are estimated.² Based on our adjustment to O&M expense discussed later in this order, working capital shall be reduced by \$263. As a result, we find that a working capital allowance of \$22,550 is appropriate.

In total, the Utility proposed a rate base of \$2,109,453. Based on the adjustments discussed herein, the rate base shall be increased by \$185,074. As such, we find an adjusted rate base of \$2,294,527 is appropriate. Rate base calculations are shown on Schedule No. 1-A, attached herein. Our adjustments are shown on Schedule No. 1-B, attached herein.

² Order No. PSC-2024-0380-PAA-WS, issued August 28, 2024, in Docket No. 20240023-WS, *In re: Application for certificates to provide water and wastewater services and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.*

Cost of Capital

Riverdale proposed an ROE of 9.83 percent, based on the leverage formula in effect at the time of filing.³ However, it has been our practice to use the leverage formula currently in effect to determine a Utility's ROE.⁴ As such, the Utility's ROE shall be based on the current leverage formula in effect.⁵ Using the current leverage formula, an ROE of 10.23 percent is appropriate, with a range of plus or minus 100 basis points, as shown on Schedule No. 2. As such, we find that an ROE of 10.23 percent and an overall cost of capital of 8.64 percent is appropriate.

Net Operating Income

The Utility projected net operating income (NOI) of \$178,038. Based on our adjustments, we calculated an NOI of \$198,170. The calculated NOI is shown in Schedule No. 3-A, attached herein.

O&M Expenses

Riverdale proposed total O&M expenses of \$182,503. In its original filing, the Utility proposed salary and wages expenses of \$104,443. Upon examination of the salary and wages expense, we were unclear if it was intended to cover multiple positions, including a licensed operator, a mechanic, and an administrative position, and if the positions were to be in-house employees or contracted services. In response to our request for clarification, the Utility stated this expense was intended to cover a single third party contractor with a current-day salary of \$78,000 with an estimated inflation factor applied to represent the anticipated cost of \$102,343 in 2035.⁶ We compared the salary to similar positions within the 2023 American Water Works Association compensation survey for small water and wastewater utilities and believes the salary falls within a comparable range for a single position with the listed responsibilities. As such, we find that salaries and wages expense shall be reduced by \$2,100 to \$102,343 and reclassified as contractual services. Based on these adjustments, we find total O&M expenses of \$180,403 are appropriate.

Net Depreciation Expense

The Utility reflected depreciation expense, net of CIAC amortization, of negative \$8,061. Based on our adjustments to rate base and recalculation of depreciation expense and CIAC amortization using the correct accounts and depreciation rates, a corresponding adjustment shall

³ Order No. PSC-2023-0189-PAA-WS, issued June 28, 2023, in Docket No. 20230006-WS, *In re: Water and wastewater industry annual reestablishment cf authorized range cf return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(j)*, F.S.

⁴ Order No. PSC-2022-0404-PAA-WS, issued November 21, 2022, in Docket No. 20200185-WS, *In re: Application for certificated to provide water and wastewater services in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.*; Order No. PSC-2022-0437-PAA-WS, issued December 27, 2022, in Docket No. 20220088-WS, *In re: Application for certificated to provide water and wastewater services and approval cf initial rates and changes in Sumter County, by Middleton Utility Company, LLC.*

⁵ Order No. PSC-2024-0165-PAA-WS, issued May, 22, 2024, in Docket No. 20240006-WS, *In re: Water and wastewater industry annual reestablishment cf authorized range cf return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(j)*, F.S. p. 5.

⁶ Document No. 00858-2025.

be made to increase net depreciation expense by \$54,922. As such, we find that a net depreciation expense of \$46,861 is appropriate.

Amortization Expense

Riverdale reflected an amortization expense balance of \$494 to reflect amortization of organization costs. We do not have any adjustment to the Utility's proposed balance. As such, we find that an amortization expense of \$494 is appropriate.

Taxes Other than Income

In its filing, the Utility included taxes other than income (TOTI) expense of \$39,806. We recalculated the property tax expense based on UPIS and accumulated depreciation balances and decreased TOTI by \$353. Additionally, regulatory assessment fees shall be increased by \$3,421 to recognize the appropriate revenue requirement, as discussed herein. As such, total TOTI expenses shall be \$42,874.

Revenue Requirement

The Utility's projected revenues include O&M expenses, net depreciation expenses, taxes other than income, as well as a return on investment. As a Sub Chapter S Corporation, Riverdale has no income tax expense. The Utility proposed a revenue requirement of \$392,780. An adjusted revenue requirement of \$468,802 shall be used to set initial rates for service. The calculation of Riverdale's projected revenue requirement is shown on Schedule No. 3-A. Our adjustments are shown on Schedule No. 3-B, attached herein.

Rates and Rate Structure

Riverdale's proposed rates are in accordance with Rule 25-30.033(2), F.A.C., which requires that a base facility charge (BFC) and usage rate structure, as defined in Rule 25-30.437(6), F.A.C., be utilized for metered service. The Utility's proposed rates were designed to generate the Utility's requested revenue requirements of \$392,780 for its water system.

The water rates on Schedule No. 4-A, attached herein, reflect our approved revenue requirement of \$468,802 for the water system less projected miscellaneous revenues of \$1,059. The Utility projects an average residential consumption of approximately 7,603 gallons per month. The Utility proposed a residential rate structure consisting of a BFC and two-tier inclining blocks with rate blocks of 1) 0-7,000 gallons and 2) all usage in excess of 7,000 gallons per month. The Utility's proposed rate structure for the general service water customers consists of a BFC and uniform gallonage charge rate structure. The Utility proposed water rates to recover 40 percent of the water revenues through the BFC. We find that the Utility's proposed water rate structure is reasonable and consistent with our methodology in determining water rate structures.

Based on the above, we find that the water rates, shown on Schedule No. 4, attached herein, are reasonable and shall be approved. The approved rates shall be effective for services rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to charge the approved rates until authorized to change them by us in a subsequent proceeding. The overall cost of capital shall be set at 8.64 percent. A return on

equity (ROE) of 10.23 percent with a range of plus or minus 100 basis points is also hereby approved.

III. Riverdale Utility Holding, Inc.'s Requested Initial Customer Deposits

Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain its specific criteria for determining the amount of initial deposits. The Utility requested initial customer deposits of \$350 for water service for the residential 5/8" x 3/4" meter size and two times the average estimated monthly bill for all others. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of rate payers. In addition, collection of customer deposits is consistent with one of the fundamental principles of rate making which ensures that the cost of providing service is recovered from the cost causer.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage. Our practice has been to set initial customer deposits equal to two months bills based on the average consumption for a 12-month period for each class of customers. Based on the billing determinants and average residential bill provided in the application, we determined that the anticipated average residential usage will be approximately 7,603 gallons per month for both water and wastewater. Consequently, the average residential monthly bill will be approximately \$161.67 for water service, based on approved rates.

Based on the above, the appropriate initial customer deposits are \$324 for water service for the residential 5/8" x 3/4" meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill. The approved initial customer deposits shall be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding.

IV. Service Availability Charges for Riverdale Utility Holding, Inc.

Riverdale requested a meter installation charge of \$250 for 5/8" x 3/4" meters and actual cost for all other meter sizes, service installation charges of \$500 for single service and \$1,000 for double service, a plant capacity charge of \$10,118 per ERC, and a main extension charge of \$2,091 per ERC for its water system. The Utility's proposed ERC is 250 gpd. The Utility asserts that the requested charges are in compliance with Rule 25-30.580, F.A.C., in that at design capacity the CIAC will not be in excess of 75 percent, and will not be less than the percentage of facilities and plant represented by the distribution and collection systems.

Rule 25-30.580(1)(a), F.A.C., provides that the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated

depreciation, of the Utility's facilities and plant when the facilities and plant are at their design capacity. The maximum guideline is designed to ensure that the Utility retains an investment in the system. Rule 25-30.580(1)(b), F.A.C., provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the distribution and collection systems.

Meter Installation Charges

Riverdale requested approval of a meter installation charge of \$250 for the 5/8" x 3/4" meter. All other meter sizes will be installed at the Utility's actual cost. The Utility's proposed meter installation charge of \$250 is based on the estimated cost to install water meters. We find that the meter installation charges are reasonable and shall be approved.

Service Installation Charges

Riverdale requested service installation charges of \$500 for a single service and \$1,000 for a double service. The service installation charge covers the cost of connecting a property's water meter to the water main, which includes installing pipes and valves. In response to our staff's second data request, Riverdale submitted documentation indicating the cost of service installation for the single service of \$500 and double service of \$1,000. The single service is for connecting one water line and double service is connecting two water lines. We find that the service installation charges are reasonable and shall be approved.

Main Extension Charges

The main extension charge is designed to allow customers to pay their pro rata share of the cost of the water distribution, which is installed by the Utility. Typically, we approve main extension charges for water based on the average cost of the distribution system and the anticipated capacity in ERCs. In developing its main extension charge, Riverdale did not use the average cost of the distribution system to determine the appropriate charge, resulting in an incorrect charge of \$2,091. The average cost of the distribution system per ERC is \$5,399 (\$1,608,962/298 ERCs). Therefore, we find that the appropriate main extension charge is \$5,399 and shall be approved.

Plant Capacity Charges

A plant capacity charge allows the Utility to recover each customer's pro rata share of the cost of treatment facilities and stay within the guidelines prescribed in Rule 25-30.580, F.A.C., which provides minimum and maximum guidelines for designing service availability charges. The Utility proposed plant capacity charges of \$10,118, resulted in contribution levels of 75 percent, which is the maximum guideline provided in the rule mentioned above. However, the Utility's calculations contained errors, resulting in an incorrect charge of \$10,118.

Based on our approved Utility plant in service calculations, a plant capacity charge of \$5,675 per ERC shall be approved. The approved plant capacity charges result in a contribution level of 75 percent, which is equivalent to the contribution levels proposed by the Utility. The approved charges will allow Riverdale to maintain an appropriate level of investment in its system. Table 1 displays the Utility's proposed and the approved service availability charges for its water system.

Table 1
Service Availability Charges

Charge	Utility Proposed	Comm. Approved
	Water	Water
Meter Installation Charge	\$250	\$250
Service Installation Charge (Single Service)	\$500	\$500
Service Installation Charge (Double Service)	\$1,000	\$1,000
Main Extension Charge ERC =250 gpd	\$2,091	\$5,399
Plant Capacity Charge ERC = 250 gpd	\$10,118	\$5,675

Based on the above, the appropriate service availability charges are shown on Table 1 and shall be approved. The main extension and plant capacity charges shall be based on an estimated 250 gpd of water demand. The approved charges shall be effective for services rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to charge the approved charges until authorized to change them by us in a subsequent proceeding.

V. Temporary Meter Deposit for Riverdale Utility Holding, Inc.

Riverdale requested a temporary meter deposit for general service customers consistent with Rules 25-30.315 and 25-30.345, F.A.C., which allows the Utility to charge an applicant a reasonable charge to defray the costs of installing and removing facilities and materials for temporary service. This deposit would be collected from commercial entities requesting a temporary meter for construction activities. Once temporary meter service is terminated, Riverdale will credit the customer with the reasonable salvage value of the service facilities and materials consistent with Rules 25-30.315 and 25-30.345, F.A.C.

Based on the above, the Utility's requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and shall be approved. The approved deposit shall be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Riverdale shall be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by us in a subsequent proceeding.

VI. Riverdale Utility Holding, Inc.'s Meter Tampering Charge

In its application, the Utility requested a meter tampering charge of actual cost. Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the Utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of an unauthorized or fraudulent use of service. The rule allows Riverdale to require

the customer to reimburse the Utility for all changes in piping or equipment necessary to eliminate the illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service. If meter tampering is revealed, Rule 25-30.320, F.A.C. allows the Utility to assess actual cost of any damages incurred.

Based on the above, the Utility's request for a meter tampering charge at actual cost shall be approved. The approved charge shall be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to charge its approved charge until authorized to change them by us in a subsequent proceeding.

VII. Miscellaneous Service Charges

Section 367.091, F.S., authorizes us to establish miscellaneous service charges. Riverdale's request was accompanied by its reason for requesting the charges as well as the cost justification required by Section 367.091(6), F.S. The purpose of these charges is to place the burden for requesting or causing these services on the cost causer rather than the general body of ratepayers. On January 25, 2024, Riverdale clarified that its request for an original certificate was only for water. Therefore, the request for all wastewater charges shall be removed and are not addressed in this order. The Utility's requested miscellaneous service charges for water are shown below in Table 2.

Table 2
Utility's Requested Miscellaneous Service Charges

	<u>Business Hours</u>
Initial Connection	\$46.05
Normal Reconnection	\$46.05
Premise Visit Charge	\$46.05
Violation Reconnection Charge	Actual Cost
Water Meter Testing Fee	\$63.51
Late Payment Charge	\$5.00

Premise Visit and Violation Reconnection Charges

The Utility requested initial connection, normal reconnection, and premise visit charges of \$46.05 during normal business hours. Additionally, Riverdale requested that its violation reconnection charge for its wastewater system be actual cost pursuant to Rule 25-30.460(1)(c), F.A.C. The Utility's request for initial connection and normal reconnection charges do not conform to our rules. Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.⁷ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premise visit charge. Therefore, the Utility's proposed initial connection and normal reconnection charges are obsolete. The Utility's

⁷ Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

request for premise visit charge of \$46.05 is shown below on Table 2. We find that the premise visit charge of \$46.05 is reasonable and shall be approved pursuant to Rule 25-30.460, F.A.C.

The Utility proposed separate charges for the violation reconnection charge at actual cost. However, pursuant to our rule, a Utility may only charge water customers at actual cost for reconnection. In addition, we consider the violation reconnection charge to be a disconnection and reconnection subsumed as one charge. Therefore, the Utility's violation reconnection charge shall represent two premise visit charges, which is \$92.10 ($\46.05×2) for business hours.

The Utility requested a water meter re-read charge of \$63.51. Our staff contacted the Utility for clarification of its requested charge. The Utility requested that the meter re-read charge be a premise visit charge. If a customer is not satisfied with the original meter read, a second meter read should be covered as a premise visit charge under Rule 25-30.466, F.A.C. We find that the premise visit charge is appropriate for conducting meter re-reads.

Late Payment Charge

The Utility requested to implement a late payment charge of \$5. The purpose of this charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies solely upon those who are the cost causers. Riverdale is requesting to recover administrative and supply cost for processing late payment notices. We find that the requested late payment charge is reasonable and shall be approved.

The approved miscellaneous service charges are shown below on Table 3.

Table 3
Miscellaneous Service Charges

	<u>Business Hours</u>
Premise Visit Charge	\$46.05
Violation Reconnection Charge	\$92.10
Damaging/Tampering/Altering Meter or Utility System	Actual Cost
Late Payment Charge	\$5.00

Based on the above, the appropriate miscellaneous service charges are shown on Table 3 and shall be approved. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the approved charges. The approved charges shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Riverdale shall be required to charge the approved miscellaneous service charges until authorized to change them by us in a subsequent proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Riverdale Utility Holding, Inc.'s is hereby granted Certificate No. 686-W to serve the territory described in Attachment A, which is appended to this order, effective the date of our vote. This Order shall serve as Riverdale's water certificate and it shall be retained by Riverdale. Further, Riverdale shall file a copy of its recorded Deed in the docket file within 60 days of the issuance of the subsequent order granting the certificate. It is further

ORDERED that the water rates, shown on Schedule No. 4, are reasonable and are hereby approved. The approved rates shall be effective for services rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to charge the approved rates until authorized to change them by us in a subsequent proceeding. The overall cost of capital shall be set at 8.64 percent. A return on equity (ROE) of 10.23 percent with a range of plus or minus 100 basis points is also hereby approved. It is further

ORDERED that the appropriate initial customer deposits are \$324 for water service for the residential 5/8" x 3/4" meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill. The approved initial customer deposits shall be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that a plant capacity charge of \$5,675 per ERC shall be approved. The approved plant capacity charges result in a contribution level of 75 percent, which is equivalent to the contribution levels proposed by the Utility. The approved charges will allow Riverdale to maintain an appropriate level of investment in its system. Table 1, set forth in this Order, displays the Utility's proposed and the approved service availability charges for its water system. It is further

ORDERED that the Utility's requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and shall be approved. The approved deposit shall be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Riverdale shall be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by us in a subsequent proceeding. It is further

ORDERED that the Utility's request for a meter tampering charge at actual cost shall be approved. The approved charge shall be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to charge its approved charge until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that the appropriate miscellaneous service charges shown on Table 3, as set forth in this Order, shall be approved. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the approved charges. The approved charges shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Riverdale shall be required to charge the approved miscellaneous service charges until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon our staff's verification that the revised tariff sheets have been filed, the utility has verified in writing that it has adjusted its books in accordance with the our decision, and that the utility has submitted the executed and recorded warranty deed within 60 days of this Order.

By ORDER of the Florida Public Service Commission this 24th day of March, 2025.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
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.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 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 or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action determining net book value, declining to make an acquisition adjustment, and revising miscellaneous service charges is preliminary in nature. Any person whose substantial interests are affected by the action 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, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 14, 2025. If such a petition is filed, 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. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket 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, 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 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.

Riverdale Utility Holding, Inc.
Water Service Area

Point of commencement shall be the Northeast corner of Township 8S, Range 27E, Section 38. Point of beginning is located 2,640 feet due South and 5,280 feet due West of the point of commencement. From the point of beginning go due South 1,320 feet then due West 990 feet. From this point go due South 1,320 feet then due West to the St. Johns River. From this point travel south along the river edge to Atlantic Road then go East on Atlantic Road to a point 2,640 feet west of the intersection of Atlantic Road and Orange Avenue. From this point go due North 2,640 feet to Woodward Road. Then go due East on Woodward Road 1,320 feet. From this point, turn due North and go 1,320 feet to Madison Road. Then turn and go due West 330 feet. From this point turn due North and go 1,320 feet to Jefferson Road. At Jefferson Road turn and go due West 990 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Riverdale Utility Holding, Inc.
Pursuant to
Certificate Number 686-W**

To provide water service in St. Johns County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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>
PSC-2025-0092-PAA-WU	March 24, 2025	20240011-WU	Original Certificate

Riverdale Utility Holding, Inc.		Schedule No. 1-A		
Schedule of Water Rate Base		20240011-WU		
80% Design Capacity				
Description	Test Year Per Utility	Commission Adjust- ments	Commission Approved Test Year	
1 Plant in Service	\$5,105,734	\$0	\$5,105,734	
2 Land and Land Rights	1,040,000	0	1,040,000	
3 Accumulated Depreciation	(1,647,151)	262,032	(1,385,119)	
4 CIAC	(3,331,287)	397,062	(2,934,225)	
5 Amortization of CIAC	919,344	(473,757)	445,587	
6 Working Capital Allowance	<u>22,813</u>	<u>(263)</u>	<u>22,550</u>	
7 Rate Base	<u>\$2,109,453</u>	<u>\$185,074</u>	<u>\$2,294,527</u>	

Riverdale Utility Holding, Inc.		Schedule No. 1-B
Adjustments to Rate Base		20240011-WU
80% Design Capacity		
Explanation	Water	
Accumulated Depreciation To reflect appropriate level of accumulated depreciation.	<u>\$262,032</u>	=
CIAC To reflect appropriate level of CIAC.	<u>(\$397,062)</u>	
Accumulated Amortization of CIAC To reflect appropriate level of accumulated amortization of CIAC.	<u>(\$473,757)</u>	
Working Capital To reflect appropriate level of working capital.	<u>(\$263)</u>	

Riverdale Utility Holding, Inc. Capital Structure-13-Month Average 80% Design Capacity								Schedule No. 2 20240011-WU	
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Pro rata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost	
1 Long-term Debt	\$1,000,000	\$0	\$1,000,000	\$87,735	\$1,087,735	47.41%	7.00%	3.32%	
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%	
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%	
4 Common Equity	1,093,354	0	1,093,354	95,926	1,189,280	51.83%	10.23%	5.30%	
5 Customer Deposits	16,100	0	16,100	1,413	17,513	0.76%	2.00%	0.02%	
6 Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%	
7 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
8 Total Capital	<u>\$2,109,454</u>	<u>\$0</u>	<u>\$2,109,454</u>	<u>\$185,073</u>	<u>\$2,294,527</u>	<u>100.00%</u>	-	<u>8.64%</u>	
						LOW	HIGH		
						RETURN ON EQUITY	<u>9.23%</u>	<u>11.23%</u>	
						OVERALL RATE OF RETURN	<u>8.12%</u>	<u>9.15%</u>	

Riverdale Utility Holding, Inc.					Schedule No. 3-A	
Statement of Water Operations					20240011-WU	
80% of Design Capacity						
	Description	Proposed Per Utility	Commission Adjustments	Commission Approved	Revenue Increase	Revenue Requirement
1	Operating Revenues:	<u>\$392,780</u>	<u>\$0</u>	<u>\$392,780</u>	<u>\$76,022</u>	<u>\$468,802</u> -
	Operating Expenses					
2	Operation & Maintenance	\$182,503	(\$2,100)	\$180,403		\$180,403
3	Depreciation	(8,061)	54,922	46,861		46,861
4	Amortization	494	0	494		494
5	Taxes Other Than Income	39,806	(353)	39,453	3,421	42,874
6	Total Operating Expense	<u>214,742</u>	<u>52,470</u>	<u>267,212</u>	<u>3,421</u>	<u>270,633</u> -
7	Operating Income	<u>\$178,038</u>	<u>(\$52,470)</u>	<u>\$125,568</u>	<u>\$72,601</u>	<u>\$198,170</u> -
8	Rate Base	<u>\$2,109,453</u>		<u>\$2,294,527</u>		<u>\$2,294,527</u> -
9	Rate of Return	<u>8.44%</u>		<u>5.47%</u>		<u>8.64%</u> -

Riverdale Utility Holding, Inc. Adjustments to Operating Income 80% Design Capacity	Schedule No. 3-B 20240011-WU
Explanation	Water
Operation and Maintenance Expense	
To reflect the correct amount of contractual services expense.	<u>(\$2,100)</u>
Depreciation Expense - Net	
To reflect correct depreciation rates and amortization of CIAC rates.	<u>\$54,922</u>
Taxes Other Than Income	
To reflect net plant.	<u>(\$353)</u>

RIVERDALE UTILITY HOLDING, INC.	SCHEDULE NO. 4	
MONTHLY WATER RATES	DOCKET NO. 20240011-WU	
	UTILITY REQUESTED RATES	COMMISSION APPROVED RATES
<u>Residential Service and General Service</u>		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$54.77	\$65.29
3/4"	\$82.16	\$97.94
1"	\$136.93	\$163.23
1-1/2" Turbine	\$273.85	\$326.45
2" Turbine	\$438.16	\$522.32
3" Turbine	\$958.48	\$1,142.58
Charge per 1,000 gallons - Residential Service		
0- 7,000 gallons	\$10.38	\$12.43
Over 7,000 gallons	\$12.98	\$15.54
Charge per 1,000 gallons - General Service		
	\$10.80	\$12.93
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
3,000 Gallons	\$85.91	\$102.58
6,000 Gallons	\$117.05	\$139.87
9,000 Gallons	\$153.39	\$183.38