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Public Service Commission

COMMISSION  
CLERK

November 10, 2010

Mr. Jon B. Stump  
528 Majestic Oak Parkway  
St. Augustine, FL 32092

**Re: Docket No. 090468-WS - Application for grandfather certificate to operate water and wastewater utility in St. Johns County by Orangedale Utilities, Inc.**

Dear Mr. Stump:

I am writing to acknowledge receipt of your letter dated November 2, 2010. In your letter, you noted that you received my October 13, 2010 letter, in which I explained that staff would recommend to the Commission that a show cause proceeding be initiated for the Utility's failure to provide documentation that its books and records have been set up in accordance with the National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USoA), as required by Order No. PSC-10-0403-FOF-WS.<sup>1</sup> You explained that the Utility has been financially unable to hire the personnel necessary to update the Utilities' books and records. Furthermore, you stated that due to financial constraints, the Utility and the Vineyard Mobile Home Park have entered into negotiations with St. Johns County for the sale of the Utility and the Utility's physical plant and properties, respectively.

During our November 9, 2010 telephone conversation, I informed you that staff would delay the initiation of show cause proceedings against the utility for at least 60 days pending the outcome of your negotiations with the County. I also informed you that rather than selling the Utility, the Utility could consider requesting a staff-assisted rate case pursuant to Rule 25-30.455, Florida Administrative Code (F.A.C.). For your convenience, I have enclosed a copy of Rule 25-30.455, F.A.C. As I stated on the phone, please keep me apprised of the ongoing negotiations with the County. If you have any questions or need any assistance with the staff-assisted rate case process, please do not hesitate to contact me at (850) 413-6076 or [anwillia@psc.state.fl.us](mailto:anwillia@psc.state.fl.us).

<sup>1</sup> Issued on June 21, 2010, in Docket No. 090468-WS, In re: Application for grandfather certificate to operate water and wastewater utility in St. Johns County by Orangedale Utilities, Inc.

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Thank you,

A handwritten signature in black ink, appearing to read 'A. Williams', with a stylized flourish at the end.

Anna R. Williams  
Senior Attorney

cc: Office of Commission Clerk

**25-30.455 Staff Assistance in Rate Cases.**

(1) Water and wastewater utilities whose total gross annual operating revenues are \$250,000 or less for water service or \$250,000 or less for wastewater service, or \$500,000 or less on a combined basis, may petition the Commission for staff assistance in rate applications by submitting a completed staff assisted rate case application. In accordance with Section 367.0814(4), F.S., a utility that requests staff assistance waives its right to protest by agreeing to accept the final rates and charges approved by the Commission unless the final rates and charges would produce less revenue than the existing rates and charges. If a utility that chooses to utilize the staff assistance option employs outside experts to assist in developing information for staff or to assist in evaluating staff's schedules and conclusions, the reasonable and prudent expense will be recoverable through the rates developed by staff. A utility that chooses not to exercise the option of staff assistance may file for a rate increase under the provisions of Rule 25-30.443, F.A.C.

(2) Upon request, the Division of Economic Regulation shall provide the potential applicant with the appropriate application form, Commission Form PSC/ECR 2-W (Rev. 11/86), "Application for Staff Assisted Rate Case", which is incorporated by reference in this rule, and a copy of Rule 25-30.455, F.A.C., governing staff assisted rate cases. The form may be obtained from the Commission's Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(3) Upon completion of the form, the petitioner may return it to the Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

(4) Upon receipt of a completed application, the Office of Commission Clerk shall acknowledge its receipt, assign a docket number for identification, and shall forward the application to a committee comprised of one member each of the Commission's Divisions of Economic Regulation, Office of Auditing and Performance Analysis, and Office of General Counsel.

(5) Within 30 days of receipt of the completed application, the committee shall evaluate the application and determine the petitioner's eligibility for staff assistance.

(a) If the Commission has received four or more applications in the previous 30 days; or, if the Commission has 20 or more docketed staff assisted rate cases in active status on the date the application is received, the Commission shall deny initial evaluation of an application for staff assistance and close the docket. When an application is denied under the provisions of this subsection, the applicant shall be notified of the date on which the application may be resubmitted.

(b) Initially, determinations of eligibility may be conditional, pending an actual examination of the condition of petitioner's books and records. After an initial determination of eligibility, the Office of Auditing and Performance Analysis committee shall examine the books and records of the utility before making a final determination of eligibility.

(c) All recommendations of ineligibility shall be in writing and shall state the deficiencies in the application with reference to guidelines set out in subsection (8) of this rule.

(6) Upon reaching a decision to officially accept or deny the application, the Director of the Division of Economic Regulation shall notify the petitioner by letter and initiate staff assistance for the accepted applicant.

(7) The official date of filing will be 30 days after the date of the letter notifying the applicant of the official acceptance of the application by the Commission.

(8) In arriving at a recommendation whether to grant or deny the petition, the following shall be considered:

(a) Whether the petitioner qualifies for staff assistance pursuant to subsection (1) of this rule;

(b) Whether the petitioner's books and records are organized consistent with Rule 25-30.110, F.A.C., so as to allow commission personnel to verify costs and other relevant factors within the 30-day time frame set out in this rule;

(c) Whether the petitioner has filed annual reports;

(d) Whether the petitioner has paid applicable regulatory assessment fees;

(e) Whether the petitioner has at least 1 year's actual experience in utility operation;

(f) Whether the petitioner has filed additional relevant information in support of eligibility, together with reasons why the information should be considered;

(g) Whether the petitioner has complied in a timely manner with all Commission decisions and requests affecting water and wastewater utilities for 2 years prior to the filing of the application under review;

(h) Whether the utility has applied for a staff assisted rate case within the 2-year period prior to the receipt of the application under review.

(9) The Commission will deny the application if a utility does not remit the fee as provided by Section 367.145, F.S., and paragraph 25-30.020(2)(f), F.A.C., within 30 days after official acceptance.

(10) An aggrieved petitioner may request reconsideration which shall be decided by the full Commission.

(11) A substantially affected person may file a petition to protest the Commission's proposed agency action in a staff assisted rate case within 21 days of issuance of the Notice of Proposed Agency Action as set forth in Rule 25-22.036, F.A.C.

(12) In the event of a protest of the Commission's Notice of Proposed Agency Action (PAA Order) in a staff assisted rate case, the utility shall:

(a) Provide prefiled direct testimony in accordance with the procedural order in the case. At a minimum, that testimony shall adopt the Commission's PAA Order in the case;

(b) Sponsor a witness to support source documentation provided to the Commission staff in its preparation of the staff audit, the staff engineering and accounting report and the staff PAA recommendation in the case;

(c) Include in its testimony the necessary factual information to support its position on any issue that it chooses to take a position different than that contained in the Commission's PAA Order;

(d) Meet all other requirements of the order establishing procedures.

(13) Failure to comply with the dates established in the procedural order, or to file timely a request for extension of time for good cause shown, may result in dismissal of the staff assisted rate case and closure of the docket.

(14) In the event of a protest of the Commission's PAA Order in a staff assisted rate case the Commission staff shall:

(a) File prefiled direct testimony to explain its analysis in the PAA recommendation. In the event the staff wishes to alter its PAA position on any issue, it shall provide factual testimony to support its changed position.

(b) Meet all other requirements of the order establishing procedures;

(c) Provide to the utility materials to assist the utility in the preparation of its testimony and exhibits. This material shall consist of an example of testimony filed by a utility in another case, an example of testimony that would support the PAA Order in this case, an example of an exhibit filed in another case, and examples of prehearing statements and briefs filed in other cases.

*Specific Authority 350.127(2), 371.0814, 367.121 FS. Law Implemented 367.0814 FS. History—New 12-8-80, Formerly 25-10.180, Amended 11-10-86, 8-26-91, 11-30-93, 1-31-00, 12-16-08.*