

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited alternative rate
increase in Lake County by Raintree
Waterworks, Inc.

DOCKET NO. 20190124-WU
ORDER NO. PSC-2019-0459-PAA-WU
ISSUED: October 24, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RATE INCREASE FOR RAINTREE WATERWORKS, INC.
AND FINAL ORDER ON TEMPORARY RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for the granting of temporary rates in the event of a protest, are 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.). The granting of temporary rates in the event of a protest is final agency action and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

Background

Raintree Waterworks, Inc. (Raintree or Utility) is a Class C water utility serving approximately 113 residential customers and 1 general service customer in Lake County. Raintree's last approved rate increase was in 2016.¹

On June 6, 2019, Raintree filed a petition for a limited alternative rate increase (LARI) pursuant to Rule 25-30.457, F.A.C. On July 1, 2019, our staff notified the Utility that it met the initial requirements of Rule 25-30.457, F.A.C. Therefore, pursuant to Rule 25-30.457(4), F.A.C., the official date of filing was established as July 31, 2019, and the 90-day time frame for us to render a decision began on that date.

¹Order No. PSC-16-0256-PAA-WU, issued June 30, 2016, in Docket No. 20150199-WU, *In re: Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.*

As stated above, this Commission last set rates for Raintree in 2016. In that rate case, we found the Utility's overall quality of service to be satisfactory. No water quality complaints were received by us or the Florida Department of Environmental Protection (DEP) since the last rate case. The Utility has identified five complaints pertaining to DEP secondary standards. We note that based on the most recent DEP Sanitary Survey, conducted on January 30, 2019, the Utility was determined to be in compliance with DEP's rules and regulations. A customer meeting was held on August 7, 2019, in Tavares, Florida. One customer attended and had no concerns with Raintree's quality of service.

We have jurisdiction pursuant to Sections 367.0814(9) and 367.121(1), Florida Statutes.

Decision

1. Limited Alternative Rate Increase

Pursuant to Rule 25-30.457, F.A.C., any utility eligible to file for a staff-assisted rate case (SARC) may petition this Commission for a rate increase of up to 20 percent applied to metered or flat recurring rates as an alternative to a rate case. This rule was designed to streamline the rate increase process for qualifying small water or wastewater companies, by establishing an abbreviated procedure for a limited rate increase that is less time consuming and thus less costly for utilities, their customers, and this Commission. This rule is similar to the rules governing price index and pass-through increases in that neither an engineering review nor a financial audit of the utility's books and records is required.

On June 6, 2019, Raintree notified us of its intent to implement a LARI of 20 percent pursuant to Rule 25-30.457, F.A.C. The application met the initial requirements of the rule, and July 31, 2019, was established as the official filing date.

We reviewed the Utility pursuant to the criteria listed in Rule 25-30.457(5), F.A.C., and find that Raintree qualifies for staff assistance pursuant to subsection (1) of this rule and the Utility's books and records appear to be organized consistent with Rule 25-30.110, F.A.C. We also verified that the Utility is current on the filing of regulatory assessment fees and annual reports. The Utility has been in operation over a year and filed additional relevant information in support of eligibility. The Utility's last rate case was granted more than two years ago, but less than seven years ago, prior to the receipt of the petition currently under review. Raintree is under earning based on information provided in the Utility's 2018 Annual Report. Based on the information described above, we hereby approved the Utility's petition.

The data presented in the application was based upon annualized revenues by customer class and meter size for the period ended December 31, 2018, the most recent 12-month period. However, the Utility also included miscellaneous service revenues which should not be included in the calculation. Based on annualized service revenues of \$48,254, a 20 percent increase would result in an annual increase in revenues of \$9,651. This produces total annual service revenues of \$57,905.

Pursuant to Rule 25-30.457(12), F.A.C., the Utility is required to hold any revenue increase granted subject to refund with interest in accordance with Rule 25-30.360, F.A.C., for a period of 15 months after the filing of its 2019 Annual Report as it is the year the adjustment in rates will be implemented.

After the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility must file reports with the Office of Commission Clerk no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed must also indicate the status of the security being used to guarantee repayment of any potential refund.

We reviewed the personal financial statements of the primary shareholder, who is the Utility's president.² The president has provided a personal guarantee of any rate increase approved in this docket.³ Based on the above, we find that in this circumstance the Utility's president has demonstrated the financial ability to guarantee the refund, if necessary.

To ensure overearnings will not occur due to the implementation of this rate increase, we will conduct an earnings review of Raintree's 2019 Annual Report as it is the year the adjustment in rates will be implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, will be disposed of for the benefit of the customers.

2. Monthly Service Rates

Based on our approval of the Utility's LARI, the existing service rates for Raintree shall be increased by 20 percent in accordance with Rule 25-30.457, F.A.C. Therefore, we calculated rates by applying the 20 percent increase across-the-board to the existing base facility and gallonage charges. The Utility's existing water rates and the Commission-approved rates are shown on Schedule No. 1. The Utility shall file tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates 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. In addition, the rates shall not be implemented until our staff has approved the proposed customer notice. The Utility shall provide proof of the date notice was given no more than 10 days after the date of the notice.

3. Temporary Rates in the Event of a Protest (Final Agency Action)

The portion of this Order issued as a Proposed Agency Action (PAA) approves an increase in water rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Rule 25-30.457(15), F.A.C., in the event of a protest of the PAA Order by a substantially affected person other than the Utility, Raintree is hereby authorized to implement the rates established in this Order on a temporary basis subject to refund upon the Utility filing a SARC application within 21 days of the date the protest is filed.

²Document No. 05301-2019 (Confidential), filed July 2, 2019.

³Document No. 05228-2019, filed June 28, 2019.

The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. The incremental increase collected by the Utility will be subject to the refund provisions outlined in Rule 25-30.360, F.A.C. Pursuant to Rule 25-30.457(17), F.A.C., if the Utility fails to file a SARC application within 21 days in the event there is a protest, the application for a LARI will be deemed withdrawn.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Raintree Waterworks, Inc.'s application for a limited alternative rate increase of 20 percent is hereby approved. This equates to an increase of \$9,651. It is further

ORDERED that Raintree Waterworks, Inc. shall hold the Commission-approved revenue increase subject to refund with interest in accordance with Rule 25-30.360, Florida Administrative Code, for a period of 15 months after the filing of its 2019 Annual Report as it is the year the adjustment in rates will be implemented. It is further

ORDERED that after the increased rates are in effect, Raintree Waterworks, Inc. shall file reports with the Office of Commission Clerk no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed must also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that this Commission will conduct an earnings review of Raintree Waterworks, Inc.'s 2019 Annual Report as it is the year the adjustment in rates will be implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, will be disposed of for the benefit of the customers. It is further

ORDERED that Raintree Waterworks, Inc.'s approved rates are shown on Schedule No. 1. It is further

ORDERED that Raintree Waterworks, Inc. shall file tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates 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. In addition, the rates shall not be implemented until Commission staff has approved the proposed customer notice. The Utility shall provide proof of the date notice was given no more than 10 days after the date of the notice. It is further

ORDERED that in the event of a protest by a substantially affected person other than the Utility, Raintree Waterworks, Inc. is hereby authorized to implement the rates established in this Order on a temporary basis subject to refund upon the Utility filing a staff-assisted rate case application within 21 days of the date the protest is filed. Raintree Waterworks, Inc. shall file

revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. The temporary rates shall not be implemented until Commission staff has approved the proposed notice, and the notice has been received by the customers. The incremental increase collected by the Utility will be subject to the refund provisions outlined in Rule 25-30.360, F.A.C. If Raintree Waterworks, Inc. fails to file a staff-assisted rate case application within 21 days in the event there is a protest, the application for a limited alternative rate increase will be deemed withdrawn. (*Final Agency Action*) 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 or Judicial Review” attached hereto. It is further

ORDERED that in the event of a protest, Raintree Waterworks, Inc. may implement the rates established in this Order on a temporary basis, subject to refund with interest, upon the Utility’s filing of a staff-assisted rate case application within 21 days of the date of the protest. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, a Consummating Order shall be issued. The docket shall remain open for Commission staff’s verification that the revised tariff sheets, which reflect the Commission-approved rates, and customer notice have been filed by Raintree Waterworks, Inc. and approved by Commission staff, and so that Commission staff may conduct an earnings review of the Utility pursuant to Rule 25-30.457(12), F.A.C. Upon Commission staff’s approval of the tariff and completion of the earnings review process as set forth in Rule 25-30.457(12)-(14), F.A.C., this docket shall be closed administratively.

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By ORDER of the Florida Public Service Commission this 24th day of October, 2019.



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.

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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 actions, except for the granting of temporary rates in the event of a protest, are 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 November 14, 2019. 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.

**Raintree Waterworks, Inc.
Monthly Water Rates**

	Existing Rates	Commission Approved Rates
Residential and General Service		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$14.23	\$17.07
3/4"	\$21.35	\$25.61
1"	\$35.58	\$42.68
1 1/2"	\$71.15	\$85.35
2"	\$113.84	\$136.56
3"	\$227.68	\$273.12
4"	\$355.75	\$426.75
6"	\$711.50	\$853.50
Gallonge Charge - Residential Service		
Charge Per 1,000 gallons		
0-3,000 gallons	\$1.71	\$2.05
3,001-8,000 gallons	\$1.81	\$2.17
Over 8,000 gallons	\$2.72	\$3.26
Gallonge Charge - General Service		
Charge Per 1,000 gallons	\$2.24	\$2.68