

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of wastewater
Certificate No. 365-S of Sebring Ridge
Utilities, Inc. to CSWR-Florida Utility
Operating Company, LLC, in Highlands
County.

DOCKET NO. 20220149-SU
ORDER NO. PSC-2023-0216-PAA-SU
ISSUED: July 27, 2023

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING NET BOOK VALUE, DECLINING TO INCLUDE AN
ACQUISITION ADJUSTMENT, AND ESTABLISHING MISCELLANEOUS SERVICE
CHARGES
AND
GRANTING TRANSFER OF CERTIFICATE NO. 365-S AND CONTINUING EXISTING
RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the actions discussed herein, except for the transfer of Certificate No. 365-S and continuing existing rates and charges, 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

Sebring Ridge Utilities, Inc. (Sebring, Utility, or Seller) is a Class C wastewater utility operating in Highlands County. Sebring provides wastewater service to approximately 279 residential and 252 general service customers. The City of Avon Park Utilities provides water service to the area. The Utility is in the Southwest Florida Water Management District (SWFWMD) and is in the Southern Water Use Caution Area. In its 2022 Annual Report, Sebring

reported a net operating income of \$24,932. The Utility's last staff-assisted rate case was in 1996.¹

In 1984, we issued Sebring grandfather water and wastewater Certificate Nos. 434-W and 365-S.² Since its certification, the Utility has experienced three territory amendments, one of which was the transfer to a governmental authority of its water facilities and the cancellation of its water certificate.³

On August 31, 2022, CSWR-Florida Utility Operating Company, LLC (CSWR-Sebring or Buyer) filed an application for the transfer of Certificate No. 365-S from Sebring to CSWR-Sebring in Highlands County. The application was found to be deficient. The Buyer cured the deficiencies on January 25, 2023. The sale will close after our vote to approve the transfer. In its application, the Buyer has requested a positive acquisition adjustment, which is discussed subsequently. The Office of Public Counsel's (OPC) intervention was acknowledged by Order No. PSC-2023-0138-PCO-SU, issued April 21, 2023.

This order addresses the transfer of the wastewater system and Certificate No. 365-S, the appropriate net book value of the wastewater system for transfer purposes, and the request for an acquisition adjustment. We have jurisdiction pursuant to Sections 367.071 and 367.081, Florida Statutes (F.S.).

Decision

1. Transfer of Certificate No. 365-S

On August 31, 2021, CSWR-Sebring filed an application for the transfer of Certificate No. 365-S from Sebring to CSWR-Sebring in Highlands County. The application is in compliance with Section 367.071, F.S., and our rules concerning applications for transfer of certificates. The sale to CSWR-Sebring will become final after our approval of the transfer, pursuant to Section 367.071(1), F.S.

A. Noticing, Territory, and Land Ownership

CSWR-Sebring provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has

¹ Order No. PSC-96-0869-FOF-WS, issued July 2, 1996, in Docket No. 19950966-WS, *In re: Application for staff-assisted rate case in Highlands County by Sebring Ridge Utilities, Inc.*

² Order No. 13564, issued August 3, 1984, in Docket No. 19830049-WS, *In Re: Application of Sebring Ridge Utilities, Inc., for certificates to operate a water and sewer system in Highlands County, pursuant to the provisions of Section 367.041, Florida Statutes.*

³ Order No. 19116, issued April 6, 1988, in Docket No. 19880255-WS, *In re: Application of Sebring Ridge Utilities, Inc. for amendment of Certificate Nos. 434-W and 365-S in Highlands County*; Order No. PSC-95-0984-FOF-WU, issued August 10, 1995, in Docket No. 19950196-WSU, *In re: Application for amendment of Certificate No. 434-W in Highlands County by Sebring Ridge Utilities, Inc.*; and Order No. PSC-05-0953-FOF-WU, issued October 6, 2005, in Docket No. 20050314-WU, *In re: Application for transfer of facilities operated under Certificate 434-W in Highlands County from Sebring Ridge Utilities, Inc. to City of Avon Park Utilities.*

expired. The application contains a description of the service territory, which is appended to this Order as Attachment A. In its application, CSWR-Sebring provided a copy of an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C. CSWR-Sebring committed to providing the executed and recorded deed to us within 60 days after the closing of the sale.

B. Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(g), (h), and (i), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no guaranteed revenue contracts or customer advances from Sebring that must be disposed of with regard to the transfer. CSWR-Sebring will review all leases and developer agreements and will assume or renegotiate those agreements on a case-by-case basis prior to closing. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale agreement, the total purchase price for the assets is \$540,000. According to the Buyer, the closing has not yet taken place and is dependent on our approval of the transfer, pursuant to Section 367.071(1), F.S.

C. Facility Description and Compliance

Sebring's domestic wastewater treatment plant (WWTP) is a 65,000 gallons per day (gpd) extended aeration plant, consisting of a 16,270 gallon flow equalization basin, 74,490 gallons of aeration, dual clarifiers with a combined capacity of 19,160 gallons, a 3,000 gallon chlorine contact basin, and three 5,000 gallon sludge digester basins. Disinfection is provided by liquid sodium hypochlorite in a 9,200 gallon chlorine contact chamber. The treated water is discharged into a reuse system consisting of two rapid infiltration basins with a total capacity of 65,000 gpd, the permitted capacity of the WWTP. CSWR-Sebring provided a copy of the Utility's current permit from the Florida Department of Environmental Protection (DEP) pursuant to Rule 25-30.037(2)(r)1., F.A.C. The Buyer committed to providing a copy of its permit transfer application, reflecting the change in ownership, to us within 60 days of the contract for sale.

We reviewed the most recent DEP compliance evaluation inspections (CEI) for the WWTP. The DEP's December 8, 2020 CEI identified a number of issues that resulted in a file review followed by a warning letter. The warning letter listed twelve items found during the inspection, with the details described in an attached copy of the CEI. Most of the items deal with untimely and/or inaccurate reporting, as well as inadequate recordkeeping. The issues cited for improper plant maintenance were: the pH calibration meter was not bracketed; a clogged diffuser; excessive vegetation in the pond; and accumulated sludge in the pond.

In addition, the DEP issued the Seller's current wastewater permit, effective October 30, 2020, with an Administrative Order and accompanying compliance schedule that detailed actions that Sebring must take in order to reach full compliance with the new requirements. According to

the latest information available on the DEP's Oculus site, most of the items on the Compliance Schedule had been completed as of May 17, 2021, with some items pertaining to percolation pond maintenance anticipated to be completed within 30 days. In Exhibit H of the Buyer's application, CSWR-Sebring provides its assessment of Sebring's wastewater treatment plant and lists several improvements and repairs it recommends be made to the system. The Buyer's suggested repairs and improvements are discussed further in Section 3 of this Order.

D. Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representations of the Seller with regards to utility matters. CSWR-Sebring's application states that it owns and operates water and wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, Arizona, North Carolina, and Tennessee that currently serve more than 73,000 water and 117,000 wastewater customers. We also have approved CSWR's purchase of four Florida certificated utilities in prior dockets.⁴

The Buyer plans to use qualified and licensed contractors to provide routine operation and maintenance (O&M) of the systems, as well as to handle billing and customer service. We reviewed the financial statements of CSWR-Sebring and the Buyer has documented adequate resources to support the Utility's wastewater operations. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

E. Rates and Charges

The Utility's rates, charges, and initial customer deposits were last approved in a 1996 staff-assisted rate case.⁵ Sebring had a rate decrease to remove expired rate case expense amortization in 2000. Subsequently, the rates have been amended by 11 price index and 2 pass through rate adjustments with the last one being in 2020. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a Utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission.

⁴ See Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20210095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County*; Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for transfer of water facilities of Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County*.

⁵ Order No. PSC-96-0869-POF-WS, issued July 2, 1996, in Docket No. 950966-WU, *In re: Application for a staff-assisted rate case in Highlands County by Sebring Ridge Utilities, Inc.*

However, the miscellaneous service charges do not conform to Rule 25-30.460, F.A.C., and are discussed in Section 4 of this Order. Therefore, we find that the Utility's existing rates, service availability charges, and initial customer deposits as shown on Schedule No. 4, shall remain in effect, until a change is authorized by us in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C.

F. Regulatory Assessment Fees and Annual Report

We have verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2022. The Buyer will be responsible for filing the Utility's annual reports and paying RAFs for all future years.

G. Conclusion

Based on the foregoing, we find that the transfer of the wastewater system and Certificate No. 365-S is in the public interest and shall be approved effective the date that the sale becomes final. This Order shall serve as the Buyer's certificate and shall be retained by the Buyer. The Buyer shall submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to us within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer shall file a status update in the docket file. The Utility's existing rates, service availability charges, and initial customer deposits, as shown on Schedule No. 4, shall remain in effect until a change is authorized by us in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Seller is current with respect to annual reports and RAFs through December 31, 2022. The Buyer shall be responsible for filing annual reports and paying RAFs for all future years.

2. Establishing Net Book Value (NBV)

The rate base was last established as of December 31, 1994, by Order No. PSC-1996-0869-FOF-WS.⁶ The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. CSWR-Sebring's request for a positive acquisition adjustment is addressed in Section 3 of this Order. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of August 31, 2022.⁷ Our approved NBV, as described below, is shown on Schedule No. 1.

⁶ Order No. PSC-1996-0869-FOF-WS, issued July 2, 1996, in Docket No. 19950966-WS, *In re: Application for a staff-assisted rate case in Highlands County by Sebring Ridge Utilities, Inc.*

⁷ Net book value is calculated through the date of the closing. According to the Utility's application, the closing will not occur until after the transaction receives our approval. Therefore, we are relying on the most current information provided to Commission staff auditors at the time of the filing.

A. Utility Plant in Service (UPIS)

According to the Utility's general ledger, the total UPIS balance was \$565,944 as of December 31, 2021. We determined that the Utility has not made the adjustments required by Order No. PSC-1996-0869-FOF-WS. As a result, we order a decrease to UPIS of \$130,192 as of August 31, 2022. Accordingly, we find for a total UPIS balance of \$435,752 as of August 31, 2022.

B. Land

The Utility's general ledger reflected a land balance of \$19,712 as of December 31, 2021. There have been no additions to land since December 31, 1994; however, we determined that the Utility has not made the adjustments required by Order No. PSC-1996-0869-FOF-WS. Therefore, we approve an increase in the value of land of \$26,004 as of August 31, 2022. Accordingly, we find for a total land balance of \$45,716 as of August 31, 2022.

C. Accumulated Depreciation

According to the Utility's general ledger, the total accumulated depreciation balance was \$489,155 as of December 31, 2021. Our staff auditors recalculated depreciation accruals using the depreciation rates established by Rule 25-30.140, F.A.C. As a result, the accumulated depreciation balance shall be decreased by \$80,995 as of August 31, 2022. Accordingly, we find for a total accumulated depreciation balance of \$408,160 as of August 31, 2022.

D. Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

According to the Utility's general ledger, the CIAC balance and accumulated amortization of CIAC were \$578,043 and \$530,761, respectively, as of December 31, 2021. We determined that the Utility has not made the adjustments required by Order No. PSC-1996-0869-FOF-WS. As a result, we order that the CIAC balance be decreased by \$298,468 as of August 31, 2022. We also order that the accumulated amortization of the CIAC balance be decreased by \$316,272 as of August 31, 2022. Accordingly, we find the total CIAC and Accumulated Amortization of CIAC balances are \$279,575 and \$214,489, respectively, as of August 31, 2022.

E. Net Book Value

The Utility's general ledger reflected a NBV of \$49,219 as of December 31, 2021. Based on the adjustments described above, we approve a NBV of \$8,222 as of August 31, 2022. Our approved NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation are shown on Schedule No. 1 as of August 31, 2022. As addressed in Section 3, a positive acquisition adjustment shall not be recognized for ratemaking purposes.

F. Conclusion

Based on the above, we approve a NBV of \$8,222 as of August 31, 2022, for transfer purposes. Within 90 days of the date of the consummating Order, the Buyer shall notify us in writing that it has adjusted its books in accordance with our decision. The adjustments shall be reflected in the Utility's 2023 Annual Report when it is filed.

3. Denying Positive Acquisition Adjustment

In its filing, the Buyer requested a positive acquisition adjustment be included in the calculation of CSWR-Sebring's rate base. An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV, and a negative acquisition adjustment results when the purchase price is less than the NBV. A positive acquisition adjustment, if approved, increases the rate base.

According to the purchase agreement, the Buyer will purchase the Utility for \$540,000. As discussed in Issue 2, we have approved a NBV of \$8,222. This would result in a positive acquisition adjustment of \$531,778.

Any entity that believes a full or partial positive acquisition adjustment should be made has the burden of proving the existence of extraordinary circumstances. Rule 25-30.0371(2), F.A.C., states:

In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase was made as part of an arms-length transaction.

If a purchase price above the depreciated original cost is used to determine the rate base without the requirement for extraordinary circumstances, it could encourage utilities to "swap assets" and inappropriately increase costs to customers.

A. Deferral

In discovery, CSWR-Sebring stated that it intends to ask for deferral of a decision regarding the requested acquisition adjustment. In its application, the Buyer laid out factors such as improvements to quality of service, cost efficiencies, and rate stability. These are discussed below, and we find that these factors do not constitute extraordinary circumstances. In response to discovery, the Buyer agreed that after the rate base is set, if a company provides support in a separate and subsequent case that there are utility assets that were not previously recorded, then the company can prospectively recover the unrecorded amount of that investment. Therefore, if the Buyer finds assets were incorrectly recorded on the Seller's balance sheet, the Buyer can

support those costs and recover them in a future rate case. That is normal Commission practice and is not considered extraordinary circumstances.

Pursuant to Commission practice, the Buyer has the burden of proving extraordinary circumstances at the time of transfer. We find that in the instant case, the Buyer has failed to provide proof of extraordinary circumstances. Further, the Buyer had multiple opportunities to provide pertinent information needed to determine if a positive acquisition adjustment was appropriate. As such, we deny the request to defer a decision on the positive acquisition adjustment.

Finally, it is long-standing Commission practice to address the disposition of any positive or negative acquisition adjustment at the time of transfer. Pursuant to Section 120.68(7)(e)3., F.S., when agencies change their established policies, practices, and procedures, they must give an explanation for the deviation. We do not find the facts in this case warrant such a deviation. As such, we find the deferral of a positive acquisition adjustment decision in this docket would result in an unnecessary deviation from Commission practice.

B. Improvements in Quality of Service and Compliance with Regulatory Mandates

In its application, CSWR-Sebring listed six business practices that it believes will improve the quality of service to its customers: (1) provision of 24-hour emergency service phone numbers; (2) on-call emergency service personnel who are required to respond to emergency service calls within prescribed time limits; (3) a computerized maintenance management system; (4) access to resources not usually available to comparably sized systems and the ability to supplement local personnel with resources owned by the parent and sister companies; (5) online bill payment options; and (6) an updated website for customer communication, bulletins, procedures, etc.

We reviewed the complaints filed with this Commission for the five-year period prior to the application, from August 2017 to August 2022. We recorded one complaint regarding improper billing during this time period. In its application, CSWR-Sebring did not list any customer complaints related to the wastewater treatment system.

In addition to reviewing the Utility's most recent inspection report, as discussed in Section 1 of this Order, we also reviewed the DEP inspection reports and enforcement actions for the two years prior to the 2020 CEI (CEIs conducted in 2018 and 2019). The Utility appears to have ongoing issues with proper documentation, recordkeeping, and reporting. For example, each of the last three CEIs noted that the Operation and Maintenance manual for the plant and collection system was not onsite, and two listed errors in the monthly discharge monitoring report. Additionally, each of the last three CEIs listed several other instances of inadequately maintained documentation. However, the 2018 and 2019 CEIs listed significantly more plant maintenance issues, which Sebring corrected, than were noted in the 2020 CEI. The one plant maintenance issue that appears to be an ongoing problem is percolation pond maintenance.

In Exhibit H of its application, which was filed with a request for confidentiality, CSWR-Sebring described its plans for repairs and improvements. The Buyer's plans for repair largely address the issues described above from the DEP reports, as well as repairs to the lift stations. Its plans for improvements to the system consist primarily of the addition of remote monitoring systems. CSWR-Sebring stated in its application that no governmental authorities are presently requiring repairs or improvements to the systems.

Based on the above, it appears that Sebring currently has issues with respect to regulatory compliance. While the Buyer identified several improvements it intends to implement in an effort to rectify these points, we do not find that the Buyer has demonstrated extraordinary circumstances in support of its requested positive acquisition adjustment. Instead, we find that the proposed anticipated improvements in quality of service and compliance with regulatory mandates demonstrate CSWR-Sebring's intention to responsibly execute its obligations as a utility owner. While we do not find that the Utility's anticipated improvements justify its requested positive acquisition adjustment, these improvements may be considered for prudence and cost recovery in a future rate proceeding.

C. Anticipated Cost Efficiencies and Rates

In its application, the Buyer stated that its size and anticipated consolidation of many small systems under one financial and managerial entity would result in operational cost efficiencies, particularly in the areas of:

- PSC and environmental regulatory reporting
- Managerial and operational oversight
- Utility asset planning
- Engineering planning
- Ongoing utility maintenance
- Utility record keeping
- Customer service responsiveness
- Improved access to capital is necessary to repair and upgrade Sebring's systems to ensure compliance with all health and environmental requirements and ensure service to customers remains safe and reliable

In response to the staff's data request, the Utility estimated an increase in O&M expense of approximately \$52,000 in order to cure compliance issues already present and ensure the system can avoid them in the future. While we are aware of the importance of maintaining compliance, this increase on top of the requested acquisition adjustment of \$531,778,

approximately sixty-five times greater than the system's current NBV of \$8,222, would result in a substantial increase in revenue requirement.

The Buyer also stated that CSWR-Sebring would bring long-term rate stability to the Utility, should the transfer be approved. We agree that economies of scale and the potential consolidation of several systems in Florida, as proposed by CSWR-Sebring, could bring some long-term rate stability. However, absent specific and detailed support for these assertions, the Buyer has failed to meet its burden of demonstrating extraordinary circumstances.

Our finding herein is consistent with our decision in Order No. PSC-2020-0458-PAA-WS.⁸ In that docket, the Buyer identified estimates of anticipated cost efficiencies, including a reduction in O&M expenses and a reduction in the cost of capital that would result from the transfer. Additionally, the Buyer cited several improvements it has made to the wastewater treatment plant and wastewater lift station since acquisition to improve the quality of service and compliance with regulatory mandates. While we acknowledged that the Buyer accomplished cost savings, we did not find that the actions performed demonstrated extraordinary circumstances that would justify approval of a positive acquisition adjustment.

In addition, our decision herein is consistent with our prior decisions to deny CSWR-Florida Utility Operating Company, LLC a positive acquisition adjustment in Order Nos. PSC-2022-0116-PAA-SU, PSC-2022-0120-PAA-WU, PSC-2022-0115-PAA-WS, and PSC-2022-0364-PAA-WU.⁹ In those cases, we determined that the Buyer failed to provide sufficient evidence of extraordinary circumstances, and CSWR was denied a positive acquisition adjustment in all four cases. In those cases, CSWR also requested a deferral of the decision regarding the positive acquisition adjustments, which was also denied by us. The facts of this case are similar to the four cases discussed above.

D. Conclusion

Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment will not be granted, as the Buyer did not demonstrate extraordinary circumstances. The Buyer's anticipated improvements in quality of service and compliance with regulatory mandates do not illustrate

⁸ Order No. PSC-2020-0458-PAA-WS, issued November, 23, 2020, in Docket No. 20190170-WS, *In re: Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.*

⁹ Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20220095-WU, *In re: Application for transfer of wastewater facilities of Sunshine Utilities of Central Florida, Inc. and wastewater Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County.*; Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of wastewater and wastewater systems of Aquarina Utilities, Inc., wastewater Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for the transfer of water facilities in Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County.*

extraordinary circumstances and instead demonstrate CSWR-Sebring's intentions to responsibly provide utility service.

4. Revising Miscellaneous Service Charges

Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.¹⁰ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. The Utility's miscellaneous service charges consist of initial connection and normal reconnection charges. The normal reconnection charge is more than the premises visit charge. Since the premises visit entails a broader range of tasks, we find that the premises visit charge shall reflect the amount of the normal reconnection charge of \$15. Therefore, the initial connection and normal reconnection charges shall be removed, the premises visit charge shall be revised to \$15, and the definition for the premises visit charge be updated to comply with amended Rule 25-30.460, F.A.C. The Utility's existing and our approved miscellaneous service charges are shown below in Table 1.

Table 1
Utility Existing and Commission Approved Miscellaneous Service Charges

	Existing <u>Normal Hours</u>	Commission Approved <u>Normal Hours</u>
Initial Connection Charge	\$15.00	N/A
Normal Reconnection Charge	\$15.00	N/A
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge	\$10.00	\$15.00

A. Conclusion

Based on the above, the miscellaneous service charges shall be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff shall be revised to reflect the removal of initial connection and normal reconnection charges. The Utility shall file a proposed customer notice to reflect our approved charges. The approved charges shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, provided customers have received notice pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charges shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date the notice was given within 10 days of the date of the notice. The Utility shall be required to charge the approved miscellaneous service charges until authorized to change them by us in a subsequent proceeding.

¹⁰ Order No. PSC-2021-0201-FOF-WS, issued June 4, 2021, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of Certificate No. 365-S in Highlands County from Sebring Ridge Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC is in the public interest and is hereby approved effective the date that the sale becomes final. The resultant Order shall serve as the Buyer's certificate and shall be retained by the Buyer. It is further

ORDERED The Buyer shall submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer shall file a status update in the docket file. It is further

ORDERED that The Utility's existing rates, service availability charges, and initial customer deposits, as shown on Schedule No. 4, shall remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Buyer shall be responsible for filing annual reports and paying RAFs for all future years. It is further

ORDERED that for transfer purposes, the net book value of the wastewater system is \$8,222 as of August 31, 2022. Within 90 days of the date of the consummating Order, CSWR-Sebring shall notify this Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments shall be reflected in CSWR-Sebring's 2023 Annual Report when it is filed. It is further

ORDERED that a positive acquisition adjustment shall not be granted as the Buyer failed to demonstrate extraordinary circumstances. It is further

ORDERED that CSWR-Florida Utility Operating Company, LLC's miscellaneous service charges shall be revised to conform to amended Rule 25-30.460, F.A.C. The tariff shall be revised to reflect the removal of initial connection and normal reconnection charges. The Utility shall file a proposed customer notice to reflect the charges approved herein. The approved charges shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, provided customers have received notice pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by customers. CSWR-Florida Utility Operating Company, LLC shall provide proof of the date the notice was given within 10 days of the date of the notice. CSWR-Florida Utility Operating Company, LLC shall charge the approved miscellaneous service charges until authorized to change them 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 shall be issued and the docket shall be closed administratively upon Commission staff's verification that: (1) the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, (2) the Buyer has submitted the executed and recorded warranty deed, (3) the Buyer has submitted a copy of its application for permit transfer to the DEP, and (4) the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of our final Order approving the transfer.

By ORDER of the Florida Public Service Commission this 27th day of July, 2023.



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.

AAW

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, except for the transfer of Certificate No. 365-S and continuing existing rates and 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 August 17, 2023. 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.

ORDER NO. 13564

TOWNSHIP 34 South, RANGE 28 East

SECTIONS 2, 11, and 12

Commence at the Northeast corner of said Section 11, thence North $01^{\circ}04'20''$ West following the Easterly boundary of said Section 2, a distance of 242.10 feet to a point; thence North $89^{\circ}47'20''$ West a distance of 2,257.35 feet to the centerline of Florida Power Company easement and the POINT OF BEGINNING. Thence continue North $89^{\circ}47'20''$ West a distance of 1,641.85 feet to a point on the Easterly ROW line of S-17A, thence South $01^{\circ}29'30''$ East along said ROW line a distance of 498 feet to a point; thence South $34^{\circ}50'15''$ East along the Easterly ROW line of Manatee Drive for a distance of 3,271 feet to a point; thence North $55^{\circ}09'45''$ East for a distance of 250 feet to a point; thence North $3^{\circ}50'15''$ West with the Southerly boundary of Whiting Drive a distance of 47.74 feet to a point; thence North $55^{\circ}09'45''$ East across Whiting Drive a distance of 175 feet to a point; thence South $34^{\circ}50'15''$ East for a distance of 57.76 feet to a point of curvature to the left, said curve having for its elements a radius of 462 feet and a central angle of $54^{\circ}30'25''$, thence Easterly along the arc of said curve a distance of 439.42 feet to a point of tangency; thence South $89^{\circ}20'40''$ East for a distance of 378.55 feet to a point of curvature to the right, said curve having for its elements a radius of 3,342.84 feet and a central angle of $15^{\circ}34'80''$, thence Easterly along the arc of said curve for a distance of 908.70 feet to a point of tangency; thence South $73^{\circ}46'10''$ East for a distance of 617 feet to a point; thence South $18^{\circ}16'30''$ West for a distance of 425.27 feet to the Northerly ROW line of Lake Sebring Drive; thence South $73^{\circ}46'10''$ East along said ROW line for a distance of 125.08 feet to a point; thence North $18^{\circ}16'30''$ East, a distance of 1,462.58 feet to the Westerly ROW line of the Atlantic Coast Line Railroad; thence North and West along said ROW line on an arc of a curve, concave on its Easterly side and having for its elements a radius of 5,761.78 feet and a central angle of $09^{\circ}19'47''$ for a distance of 938.22 feet to a point; thence North $89^{\circ}47'20''$ West a distance of 582.20 feet to the centerline of Florida Power Easement, thence North $61^{\circ}07'50''$ West following aforesaid centerline a distance of 2,502.16 feet to the POINT OF BEGINNING.

ORDER NO. 19116

A portion of Sections 10 and 11, Township 34 South, Range 28 East, Highlands County Florida, being more particularly described as follows:

Begin at the Northeast corner of Section 10; thence run South $88^{\circ}41'30''$ West and along the North line of Section 10 a distance of 2,095.12 feet to a point on the East line of Block "C" of Maxcy Parkway Subdivision, as per plat recorded in Plat Book 4, page 72 of the Public Records of Highlands County, Florida; thence North $19^{\circ}34'10''$ West and along said East line a distance of 677.55 feet to the Northeast corner of Lot 36 of said subdivision; thence South $70^{\circ}25'50''$ West and along the North line of Lot 36 a distance of 200.00 feet to a point on the Easterly ROW line of U.S. Highway No. 27; thence South $19^{\circ}34'10''$ East and along said ROW line a distance of 1,200.00 feet to the Southwest corner of Lot 25 of Maxcy Parkway Subdivision; thence North $10^{\circ}25'50''$ East and along the South line of Lot 25 a distance of 200.00 feet to the Southeast corner of Lot 25; thence South $19^{\circ}34'10''$ East and along the E line of Block "C" of said subdivision a distance of 46.16 feet to a point on the North boundary of Section "B" of Sebring Ridge Subdivision, as per plat recorded in Plat Book 7, page 46 of the Public Records of Highlands County, Florida; thence South $79^{\circ}40'10''$ East and along the North line of said subdivision a distance of 942.10 feet to the Point of Curvature of a curve concave to the Southwest; thence in a Southeasterly direction and along the arc of said curve to the right (curve having for its elements a Radius of 2,950.00 feet and a Central Angle of $2^{\circ}28'02''$) a distance of 127.03 feet; thence North $12^{\circ}47'52''$ East and radial to the last described curve a distance of 225.00 feet to a point on the arc of a curve concave to the Southwest; thence in a Southeasterly direction and along the arc of said curve to the right (curve having for its elements a Radius of 3,175.00 feet, a Central Angle of $17^{\circ}43'13''$ and a Chord Bearing of South $68^{\circ}20'32''$ East) a distance of 981.95 feet to a point on the Northwest ROW line of Herring Avenue; thence North $30^{\circ}58'09''$ East and along said ROW line a distance of 588.10 feet; thence North $88^{\circ}36'30''$ East and along the North ROW line of Herring Avenue a distance of 907.2 feet; thence North $1^{\circ}29'30''$ West a distance of 425.10 feet to a point on the North line of Section 11; thence South $88^{\circ}36'30''$ West and along said line a distance of 1,304.87 feet to the Point of Beginning. Subject to all easements, reservations or restrictions of record.

Containing 51.242 Acres.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 365-S

to provide wastewater service in Highlands 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>
Order No. 13564	08/03/84	19830049-WS	Grandfather
Order No. 19116	04/06/88	19880255-WS	Territory Amendment
PSC-2023-0216-PAA-SU	07/27/23	20220149-SU	Transfer

**CSWR-Florida Utility Operating Company, LLC
Sebring Ridge Utilities, Inc.**

Schedule of Net Book Value as of August 31, 2022

<u>Description</u>	<u>Balance Per Utility 12/31/21</u>	<u>Adjustments</u>		<u>Comm. 8/31/22</u>
Utility Plant in Service	\$565,944	(\$130,192)	A	\$435,752
Land & Land Rights	19,712	26,004	B	45,716
Accumulated Depreciation	(489,155)	80,995	C	(408,160)
CIAC	(578,043)	298,468	D	(279,575)
Amortization of CIAC	<u>530,761</u>	<u>(316,272)</u>	E	<u>214,489</u>
Total	<u>\$49,219</u>	<u>(\$40,997)</u>		<u>\$8,222</u>

**CSWR-Florida Utility Operating Company, LLC
Sebring Ridge Utilities, Inc.**

Explanation of Adjustments to Net Book Value as of August 31, 2022

Explanation	Amount
A. UPIS To reflect the appropriate balance.	(\$130,192)
B. Land To reflect the appropriate balance.	26,004
C. Accumulated Depreciation To reflect the appropriate balance.	80,995
D. CIAC To reflect the appropriate balance.	298,468
E. Accumulated Amortization of CIAC To reflect the appropriate balance.	<u>(316,272)</u>
Total Adjustments to Net Book Value as of August 31, 2022	<u>(\$40,997)</u>

**CSWR-Florida Utility Operating Company, LLC
Sebring Ridge Utilities, Inc.**

Schedule of Commission Approved Account Balances as of August 31, 2022

Account No.	Description	UPIS	Accumulated Depreciation
354	Structures & Improvements	\$14,419	(\$8,423)
360	Collection Sewers - Force	10,264	(10,264)
361	Collection Sewers - Gravity	160,220	(160,220)
362	Special Collection Structures	76,537	(76,537)
371	Pumping Equipment	26,597	(5,064)
380	Treatment and Disposal Equipment	145,362	(145,362)
381	Plant Sewers	660	(605)
389	Other Plant & Misc. Equipment	60	(45)
390	Office Furniture and Equipment	509	(509)
396	Communication Equipment	<u>1,124</u>	<u>(1,124)</u>
	Total	<u>\$435,752</u>	<u>(\$408,160)</u>

**CSWR-Florida Utility Operating Company, LLC.
Sebring Ridge Utilities, Inc.**

Monthly Wastewater Rates

Residential Service

<u>All Meter Sizes</u>	\$16.17
Charge Per 1,000 gallons – Residential 10,000 gallon cap	\$3.51

General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$16.17
3/4"	\$24.26
1"	\$40.43
1-1/2"	\$80.85
2"	\$129.36
3"	\$258.72
4"	\$404.25
6"	\$808.50

Charge Per 1,000 gallons – General Service	\$4.20
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Initial Customer Deposits

Residential Service and General Service

5/8" x 3/4"	\$50.00
All over 5/8" x 3/4"	2x Average Estimated Bill

Service Availability Charges

Main Extension Charge	
Residential per ERC (350 GPD)	\$385.00
All others per gallon	\$1.10
Plant Capacity Charge	
Residential per ERC (350 GPD)	\$315.00
All others per gallon	\$0.90