

State of Florida



# Public Service Commission

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## -M-E-M-O-R-A-N-D-U-M-

**DATE:** April 21, 2005

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

**FROM:** Division of Economic Regulation (Brady, Redemann, Romig) *pb per JS*  
Office of the General Counsel (Rodan) *JAR MAY*

**RE:** Docket No. 040801-SU – Application for grandfather certificate to operate wastewater utility in Okeechobee County by The Vantage Development Corporation.  
County: Okeechobee

**AGENDA:** 05/03/05 – Regular Agenda – Interested Persons May Participate

**CRITICAL DATES:** May 12, 2005, statutory deadline for certificate of authorization

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\040801.RCM.DOC

### Case Background

On May 13, 2004, the Okeechobee County Board of County Commissioners (Okeechobee County) adopted Resolution No. 2004-16 declaring the water and wastewater utilities in that county subject to the provisions of Chapter 367, Florida Statutes. The Commission acknowledged the resolution by order issued on June 15, 2004.<sup>1</sup>

On July 30, 2004, The Vantage Development Corporation (Vantage or utility) filed an application for a certificate to provide wastewater service in Okeechobee County. The application was completed on February 11, 2005. Pursuant to Section 367.031, Florida Statutes, the Commission is required to grant or deny a certificate of authorization within 90 days after the official filing date of the completed application, which would be May 12, 2005.

<sup>1</sup> Order No. PSC-04-0593-FOF-WS, issued June 15, 2004, In Re: Resolution of the Board of County Commissioners of Okeechobee County declaring Okeechobee County subject to the provision of Chapter 367, F.S.

DOCUMENT NUMBER-DATE

03906 APR 21 '05

COMMISSION CLERK

Docket No. 040801-SU

Date: April 21, 2005

The utility facilities have been in existence since 1982 and currently provide service to 338 residential customers in portions of the Treasure Island subdivision and The Vantage Oaks RV Park. Water service is provided by the Okeechobee Utility Authority (OUA). The utility is located in a portion of the South Florida Water Management District which is not considered a critical water supply problem area.

This recommendation addresses the application and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, Florida Statutes.

### **Discussion of Issues**

**Issue 1:** Should The Vantage Development Corporation's application for grandfather certificate be approved?

**Recommendation:** Yes. The Vantage Development Corporation's application should be approved and the utility should be issued Certificate No. 537-S to serve the territory described in Attachment A. Within 30 days from the date the utility files its 2004 annual report, the utility should be required provide a statement with supporting documentation that it has established books and records in compliance with the NARUC uniform system of accounts, including the ability to provide separate general ledgers for utility and non-utility records. (Brady, Redemann, Romig, Rodan)

**Staff Analysis:** On July 30, 2004, an application was filed on behalf of the utility for a certificate to provide wastewater service under the grandfather rights of Section 367.171(1)(b), Florida Statutes. The application was completed on February 11, 2005, making this the official filing date pursuant to Section 367.031, Florida Statutes. The application is in compliance with the governing statute and other pertinent statutes and administrative rules concerning an application for a grandfather certificate. Pursuant to Rule 25-30.030(9), Florida Administrative Code, noticing does not apply to applications for grandfather certificates.

The Vantage Development Corporation was established on May 24, 1976. The utility provides wastewater service to 338 residential connections and is at build-out. The facilities consist of a 50,000 gallon per day extended air treatment system with disposal to one large percolation pond with multiple cells. According to the Florida Department of Environmental Protection, there are no enforcement actions or corrective orders against the system and the utility's operating permit was renewed in 2003. As noted, above water service is provided by the OUA. The application contained a legal description of the territory the utility was serving at the time of jurisdiction as well as system and territory maps. A description of the territory is appended to this memorandum as Attachment A. The application also contained a recorded warranty deed as proof of ownership of the land upon which the treatment plant is located.

Through conversations between staff and the utility, the utility was advised of the annual report and regulatory assessment fee requirements. As a result, it has requested and been granted an extension until May 31, 2005, to file its 2004 annual reports. Further, it timely paid regulatory assessment fees of \$1,134.05 on reported revenues of \$25,201 on March 28, 2005.

Staff has explained to the utility the need to maintain its books and records according to the National Association of Regulatory Utility Commissioners (NARUC) uniform system of accounts as well as the need to keep utility books and records separate from non-utility books and records. Within 30 days from the date the utility files its 2004 annual report, staff recommends that the utility be required provide a statement with supporting documentation that it has established books and records in compliance with the NARUC uniform system of accounts, including the ability to provide separate general ledgers for utility and non-utility records.

Based upon the above, staff recommends that The Vantage Development Corporation's application be approved as a matter of right and the utility be issued Certificate No. 537-S to serve the territory described in Attachment A. Within 30 days from the date the utility files its 2004 annual report, the utility should be required to provide a statement with supporting documentation that it has established books and records in compliance with the NARUC uniform system of accounts, including the ability to provide separate general ledgers for utility and non-utility records.

**Issue 2:** What rates and charges should be approved for this utility?

**Recommendation:** The utility's existing monthly flat rate should be approved until authorized to change by the Commission in a subsequent proceeding. The tariff sheets reflecting this charge should be effective for services rendered or connections made on or after the stamped approval date. (Brady)

**Staff Analysis:** According to the application, the utility has been charging a flat rate of \$28.00 per month for wastewater service since June 1, 2003. A tariff reflecting this proposed charge was included with the utility's application for certificate. In addition, there are no customer deposits and, since the utility is at build-out, no service availability fees.

Staff recommends that the utility's existing monthly flat rate be approved until authorized to change by the Commission in a subsequent proceeding. The tariff reflecting this charge should be effective for services rendered or connections made on or after the stamped approval date.

**Issue 3:** Should this docket be closed?

**Recommendation:** No. The docket should remain open pending receipt of a statement, with supporting documentation, from the utility that it has established books and records in compliance with the NARUC uniform system of accounts, including the ability to provide separate general ledgers for utility and non-utility records. Upon receipt of such statement, the docket should be administratively closed. (Rodan)

**Staff Analysis:** The docket should remain open pending receipt of a statement, with supporting documentation, from the utility that it has established books and records in compliance with the NARUC uniform system of accounts, including the ability to provide separate general ledgers for utility and non-utility records. Upon receipt of such statement, the docket should be administratively closed.

**The Vantage Oak Development Corporation**

Okeechobee County

Wastewater Service Area

Serving Parts of Treasure Island and The Vantage Oaks RV Park

Township 37 South, Range 35 East

Section 25

Begin at the Northeast corner of Section 25, Township 37 South, Range 35 East. Thence run due South along the East line of said section a distance of about 1,690 feet. Thence run due West about 510 feet to the Point of Beginning (POB). Said point also, the Northeast corner of lot 153 of Treasure Island Unit 13. Thence continue due West a distance of 1,645.56 feet to the East Right of Way line of Everglades Blvd/S.E. 40<sup>th</sup> Avenue. Thence continue due West across Everglades Blvd/S.E. 40<sup>th</sup> Avenue a distance of 70 feet. Thence due South a distance of 35 feet. Thence due West a distance of 110 feet. Thence due South a distance of 35 feet. Thence North 88° West a distance of 830 feet. Thence South 41° East a distance of 1,195 feet. Thence due South 95 feet. Thence due West a distance of 1,205 feet. Thence due South a distance of 330 feet. Thence due East a distance of 1352 feet to the West Right of Way line of S.E. 40<sup>th</sup> Avenue. Thence continue due East across S.E. 40<sup>th</sup> Avenue a distance of 70 feet. Thence continue due East a distance of 1,050 feet to Mosquito Creek. Thence along Mosquito Creek the following 10 courses to the Northeast corner of the Vantage Oaks Development. 1. North 49° East a distance of 50 feet. 2. North 19° East a distance of 45 feet. 3. North 62° East a distance of 80 feet. 4. North 78° East a distance of 70 feet. 5. North 59° East a distance of 60 feet. 6. North 39° East a distance of 100 feet. 7. North 64° East a distance of 180 feet. 8. North 44° East a distance of 80 feet. 9. North 19° East a distance of 60 feet. 10. North 27° West a distance of 70 feet, (or meander along Mosquito Creek about 760 feet to the Northeast corner of the Vantage Oaks Development.) Thence the following 5 courses to the POB. 1. East a distance of 30 feet. 2. North 25° West a distance of 195 feet. 3. North 5° East a distance of 291 feet. 4. North 6° East a distance of 295 feet. 5. North 24° East a distance of 159 feet to the POB.