

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

**DATE:** May 19, 2010

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Clapp, Kaproth, J. Williams)  
Office of the General Counsel (A. Williams)

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

*Handwritten initials and signatures:* KK, JW, JS, MSB, [Signature]

**AGENDA:** 06/01/10 – Regular Agenda –Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Skop

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\090468.RCM.DOC

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COMMISSION  
CLERK

### Case Background

On December 2, 2008, the Board of County Commissioners of St. Johns County passed Ordinance No. 2008-57, declaring the privately-owned water and wastewater utilities in St. Johns County to be subject to the provisions of Chapter 367, Florida Statutes (F.S.). The Ordinance was filed with the Commission on January 16, 2009, making that the effective date of the transfer of jurisdiction. The Commission acknowledged the Ordinance by order dated February 12, 2009.<sup>1</sup> Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the

<sup>1</sup> Order No. PSC-09-0092-FOF-WS, issued February 12, 2009, in Docket No. 090029-WS, In re: Ordinance by Board of County Commissioners of St. Johns County relating to regulation of water and wastewater utilities within the unincorporated areas of St. Johns County.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

operation or construction of a system shall be entitled to receive a grandfather certificate for the area served by such utility on the day the chapter becomes applicable to the utility.

On October 2, 2009, Orangedale Utilities, Inc. (Orangedale or utility) filed an application for a certificate under grandfather rights to provide water and wastewater services in St. Johns County pursuant to Section 367.171, F.S. The application was completed on March 10, 2010.

Orangedale is a small utility providing water and wastewater service to 92 lots in St. Johns County since 1958. The County's policy has been that it does not regulate utilities with fewer than 100 connections. Therefore, the County did not regulate Orangedale. According to Section 367.022(6), F.S., systems with the capacity or proposed capacity to serve 100 or fewer persons is exempt from Commission regulation, which by Rule 25-30.055(1), Florida Administrative Code (F.A.C.) is defined as capacity to pump no more than 10,000 gallons per day (GPD). Since Orangedale has the capacity to pump 57,000 GPD, the utility is subject to Commission regulation.

Orangedale is located in the St. Johns River Water Management District. This recommendation addresses the application for grandfather water and wastewater certificates, rates, and charges. The Commission has jurisdiction pursuant to Sections 367.171 and 367.091, F.S.

### Discussion of Issues

**Issue 1:** Should the application for grandfather water and wastewater certificates in St. Johns County by Orangedale Utilities, Inc. be acknowledged?

**Recommendation:** Yes. Orangedale's application for grandfather certificates should be acknowledged, and the utility should be issued Certificate Nos. 651-W and 557-S, effective January 16, 2009, to serve the territory described in Attachment A. The resultant order should serve as Orangedale's water and wastewater certificates and should be retained by the utility. The utility should be ordered to provide documentation by August 31, 2010, demonstrating that its books and records have been set up using the National Association of Regulatory Commissioners' Uniform System of Accounts. (Clapp, Kaproth, J. Williams, A. Williams)

**Staff Analysis:** As discussed in the case background, the Board of County Commissioners of St. Johns County transferred jurisdiction of privately-owned water and wastewater utilities in the County to the Commission effective January 16, 2009. On October 2, 2009, an application was filed on behalf of Orangedale to provide water and wastewater service under the grandfather rights of Section 367.171(2)(b), F.S. The application, as completed on March 10, 2010, is in compliance with the governing statute and other pertinent statutes and administrative rules concerning an application for grandfather certificates. Noticing is not required for grandfather applications.

The application contains a 99-year lease between Jon B. and Jill W. Stump d/b/a Vinyard Mobile Home Park and Orangedale as proof of continued long-term use of the land on which the water and wastewater facilities are located. In addition, the application includes an accurate territory description and adequate service territory and system maps. A description of the territory is appended to this memorandum as Attachment A.

The utility has been in existence since 1958. The water plant treats raw groundwater from the utility's single well, rated at 75 gallons per minute, utilizing a combination of aeration and hypochlorination. The utility has a ground storage tank, with a capacity of 15,000 gallons and a hydropneumatic tank which tie into the utility's distribution system. The utility's water facilities are currently in compliance with the Department of Environmental Protection (DEP) with regard to environmental regulation.

The wastewater facility is a 15,000 GPD extended aeration treatment plant equipped with an aeration basin, clarifier, digester, and chlorine contact chamber. The residuals are transported to a separate facility, the Anastasia Island Wastewater Treatment Plant. The utility's wastewater facilities are currently in compliance with DEP with regard to environmental regulation.

Staff has advised the utility president regarding filing an annual report and paying regulatory assessment fees (RAFs) for the period of jurisdiction from January 16, 2009, through December 31, 2009. The RAFs have been paid and the annual report has been filed on a timely basis. Staff has informed the utility of the availability of a pass-through application for RAFs. In addition, staff explained to the utility president the need to maintain the utility accounts according to the National Association of Regulatory Commissioners' Uniform System of Accounts as required by Rule 25-30.115, F.A.C.

Based on the above information, staff recommends that Orangedale's application for grandfather certificates should be acknowledged, and the utility should be issued Certificate Nos. 651-W and 557-S, effective January 16, 2009, to serve the territory described in Attachment A. The resultant order should serve as Orangedale's water and wastewater certificates and should be retained by the utility. The utility should be ordered to provide documentation by August 31, 2010, demonstrating that its books and records have been set up using the National Association of Regulatory Commissioners' Uniform System of Accounts.

**Issue 2:** What rates and charges should be approved for Orangedale Utilities, Inc.?

**Recommendation:** The utility's rates and charges that were in effect when St. Johns County transferred jurisdiction to the Commission, as shown on Attachment B, should be approved effective January 16, 2009, pursuant to grandfather rights in Section 367.171, F.S. Orangedale should be required to charge the approved rates and charges until they are authorized to be changed by this Commission in a subsequent proceeding. (Clapp, A. Williams)

**Staff Analysis:** The utility was in the process of installing water meters when the Commission received jurisdiction in St. Johns County. At that time, the utility had notified customers of its intent to change its rates from flat rates to metered rates, but had not started regular meter readings or begun charging a base facility charge (BFC) and gallonage rates. Staff informed Orangedale that it could not change the rates charged at the time the Commission received jurisdiction in St. Johns County.

According to the application, the rates and charges shown on Attachment B were being charged at the time jurisdiction was transferred to the Commission. This includes the \$450 charged for meter installation, which was being collected before January 16, 2009.

Staff recommends that the rates and charges that were in effect when St. Johns County transferred jurisdiction to the Commission, as shown on Attachment B, should be approved effective January 16, 2009, pursuant to grandfather rights in Section 367.171, F.S. Orangedale should be required to charge the approved rates and charges until they are authorized to be changed by this Commission in a subsequent proceeding.

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

**Recommendation:** Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary. (A. Williams, Clapp)

**Staff Analysis:** If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary.

ORANGEDALE UTILITIES, INC.  
St. Johns County  
Water and Wastewater Service Area

Township 6 South, Range 27 East

Sections 5

A portion of the Southeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 5, Township 6 South, Range 27 East, St. Johns County, Florida, and being more particularly described as follows:

Begin at the Southeast corner of said Section 5; Thence on the East line of said Section 5, run North  $00^{\circ}47'30''$  West a distance of 1326.00 feet; Thence South  $88^{\circ}23'05''$  West a distance of 1020.44 feet; Thence South  $31^{\circ}00'53''$  West a distance of 626.47 feet to the Northeasterly line of State Road No. 13; Thence on last said line South  $46^{\circ}00'00''$  East a distance of 1108.00 feet to the South line of said Section 5; Thence on last said line North  $89^{\circ}02'15''$  East a distance of 564.20 feet to the point of beginning, being in area 31.80 acres, more or less.

**FLORIDA PUBLIC SERVICE COMMISSION  
authorizes  
Orangedale Utilities, Inc.  
pursuant to  
Certificate Number 651-W**

to provide water service in St. Johns 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>
*	*	090468-WS	Grandfather Certificate

**\*Order Number and date to be provided at time of issuance.**



**FLORIDA PUBLIC SERVICE COMMISSION  
authorizes  
Orangedale Utilities, Inc.  
pursuant to  
Certificate Number 557-S**

to provide wastewater service in St. Johns 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>
*	*	090468-WS	Grandfather Certificate

**\*Order Number and date to be provided at time of issuance.**

**ORANGEDALE UTILITIES, INC.**

**Flat Monthly Combined Water and Wastewater Rates**

Number of People in Unit	Rate
One	\$45.00
Families	\$65.00
Vacation Rate	\$25.00

**Service Availability Charge**

Meter Installation	\$450.00
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