

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-

RECEIVED-FPSC  
13 APR 12 AM 10:57  
COMMISSION  
CLERK

**DATE:** April 12, 2013

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

**FROM:** Division of Engineering (Rieger, Lewis) *SDR CKL JS PV*  
Division of Economics (Hudson, Roberts) *HW PA*  
Office of the General Counsel (Brownless, Crawford) *JSC ABW*

**RE:** Docket No. 130053-SU – Application for grandfather certificate to operate wastewater utility in Charlotte County by Utilities, Inc. of Sandalhaven.

**AGENDA:** 04/25/13 – Regular Agenda –Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Balbis

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ENG\WP\130053.RCM.DOC

### Case Background

On February 12, 2013, the Board of County Commissioners of Charlotte County (County) passed and adopted Resolution No. 2013-003 (Resolution), transferring regulation of the privately owned for profit water and wastewater utilities in the County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in the County became subject to the provisions of Chapter 367, Florida Statutes (F.S.). The Commission acknowledged the Resolution on March 14, 2013.<sup>1</sup>

<sup>1</sup> See Order No. PSC-13-0127-FOF-WS, issued March 14, 2012, Docket No. 130049-WS, In re: Resolution of the Board of County Commissioners of Charlotte County declaring Charlotte County subject to the provisions of Chapter 367, F.S.

DOCUMENT NUMBER-DATE  
01902 APR 12 02  
FPSC-COMMISSION CLERK

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On February 26, 2013, Utilities, Inc. of Sandalhaven (Sandalhaven or Utility) filed an application for a certificate under grandfather rights to provide wastewater service in Charlotte County pursuant to Section 367.171(2)(b), F.S. and Rule 25-30.035, Florida Administrative Code (F.A.C.). The residential areas served by the Utility include Sandalhaven Estates, Shamrock Shores, and Eagles Preserve; as well as some multi-family housing developments, businesses, etc.

The Sandalhaven system has been in existence since 1983 and currently serves 1,195 equivalent residential connections (ERCs). Water service to the area is supplied by Charlotte County. The Utility's service area is located in the Southern Water Use Caution Area under the Southwest Florida Water Management District.

This recommendation addresses the application for a grandfather wastewater certificate, and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

### **Discussion of Issues**

**Issue 1:** Should Utilities, Inc. of Sandalhaven's application for a grandfather wastewater certificate in Charlotte County be acknowledged?

**Recommendation:** Yes. Sandalhaven's application should be acknowledged and the Utility should be issued Wastewater Certificate No. 567-S, effective February 12, 2013, to serve the territory described in Attachment A. The resultant order should serve as Sandalhaven's certificate and should be retained by the Utility. (Rieger, Lewis, Roberts)

**Staff Analysis:** The Utility's application for a certificate under grandfather rights to provide wastewater service in Charlotte County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a warranty deed as proof of ownership of the land on which the Utility facilities are located, an accurate territory description, and adequate service territory and system maps. A description of Sandalhaven's territory is described in Attachment A.

The Utility has been in existence since 1983 and currently serves wastewater service to 1,195 ERCs. The wastewater treatment plant has a capacity of 0.099 million gallons per day (MGD) and does not employ reuse. It is currently in compliance with DEP requirements. The Utility reported that there are no material customer service issues. The Utility is aware of the requirement to submit an annual report for 2013 pursuant to Rule 25-30.110, F.A.C., and remit to the Commission Regulatory Assessment Fees (RAFs) effective February 12, 2013, pursuant to Rule 25-3.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Commissioners' Uniform System of Accounts.

Based on the above, staff recommends that Sandalhaven be granted Wastewater Certificate No. 567-S to serve the territory described in Attachment A. The resultant order should serve as Sandalhaven's certificate and should be retained by the Utility.

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

**Recommendation:** The Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. Sandalhaven should be required to charge the approved rates and charges until authorized to change by this Commission in a subsequent proceeding. (Roberts)

**Staff Analysis:** According to the application, Charlotte County approved the rates and charges that are shown on Schedule No. 1. The rates include a base facility charge and uniform gallonage charge for water service, miscellaneous service charges, and service availability charges including guaranteed revenue and allowance for funds prudently invested (AFPI) charges.

The guaranteed revenue charge applies primarily to empty lots in the Eagles Preserve subdivision. The developer did not prepay the connection fees, but the utility, under the prior owner, accepted the sewer lines in the subdivision. In addition, AFPI is a charge designed to allow a Utility to recover its return on investment for non-used and useful investments. The charge is collected from the customers when service availability charges are collected.

Staff recommends that the Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. Sandalhaven should be required to charge the approved rates and charges until authorized to change by this Commission in a subsequent proceeding.<sup>2</sup>

---

<sup>2</sup> As part of its last rate case with the County Sandalhaven agreed to further reduce its rates as of December 21, 2016 to reflect the full recovery of its rate case expense.

Docket No. 130053-SU

Date: April 12, 2013

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

**Recommendation:** Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of final order. (Brownless)

**Staff Analysis:** Since there are no pending issues in this docket, the docket should be closed upon the issuance of final order.

DESCRIPTION OF TERRITORY SERVED

The following described lands located in portions of Sections 21, 27, 28, 33 and 34, Township 41 South, Range 20 East, and Section 3, Township 42 South, Range 20 East, Charlotte County, Florida:

Township 41 South, Range 20 East:

Section 21

All that portion of the Southwest 1/4 of said Section 21 lying South of Buck Creek and East of Lemon Bay AND that portion of the Southwest 1/4 of the Southeast 1/4 lying South of Buck Creek and West of State Road 775 as it is now constructed.

Section 27

The West 2400 feet more or less of said Section 27.

Section 28

All that portion of said Section 28 lying East of Lemon Bay.

Section 33

All that portion of said Section 33 lying East of Lemon Bay.

Section 34

The West 2400 feet more or less of said Section 34.

Township 42 South, Range 20 East:

Section 3

All that portion of the Northwest 1/4 of said Section 3 lying East of Lemon Bay and North and West of an existing canal.

**FLORIDA PUBLIC SERVICE COMMISSION**

**authorizes  
Utilities, Inc. of Sandalhaven  
pursuant to  
Certificate Number 567-S**

to provide wastewater service in Charlotte 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.

Order Number	Date Issued	Docket Number	Filing Type
*	*	130053-SU	Grandfather Certificate

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



**Utilities, Inc. of Sandalhaven  
 Charlotte County  
 Wastewater**

	<u>Residential Service</u>	<u>General Service</u>
<b><u>Base Facility Charge</u></b>		
All Meter Size	\$ 29.08	
Meter Size		
5/8" x 3/4"		\$ 29.08
1"		\$ 72.71
1 1/2"		\$ 145.41
2"		\$ 232.65
3"		\$ 465.32
4"		\$ 727.05
6"		\$ 1,454.09
<b><u>Gallonge Charges</u></b>		
Residential Service (0-8,000)	\$ 6.53	
General Service (per 1,000 gallons)		\$ 7.85
<b><u>Guaranteed Revenue Charge</u></b>		
Per ERC (350 GPD)		\$ 28.42
<b><u>Initial Customer Deposit</u></b>		
5/8" x 3/4"	Estimated Charge for service for 2 billing periods	
1"	Estimated Charge for service for 2 billing periods	
1 1/2"	Estimated Charge for service for 2 billing periods	
Over 2"	Estimated Charge for service for 2 billing periods	

**Miscellaneous Service Charges  
 Wastewater**

<u>Schedule of Miscellaneous Service Charges</u>	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Fee	\$ 21.00	\$ 42.00
Normal Reconnection Fee	\$ 21.00	\$ 42.00
Violation Reconnection Fee	Actual Cost	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$ 21.00	\$ 42.00
<b><u>Returned Check Charge</u></b>		<u>Charges</u>
\$50.00 or less		\$ 25.00
\$50.01 to \$300.00		\$ 30.00
\$300.01 and above		\$ 40.00



**Service Availability Charges  
 Wastewater**

**System Capacity Charge**

**Charges**

Residential - Per ERC (350 GPD)	\$2,628.00
All others-per gallon	\$13.83

**Allowance for Funds Prudently Invested**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Monthly Add-In Cost Factor	\$35.09	\$35.09	\$35.09	35.09	35.09
December	\$35.09	\$456.17	\$877.25	\$1,298.33	\$1,719.41
January	\$70.18	\$491.26	\$912.34	\$1,333.42	\$1,754.50
February	\$105.27	\$526.35	\$947.43	\$1,368.51	\$1,789.59
March	\$140.36	\$561.44	\$982.52	\$1,403.60	\$1,824.68
April	\$175.45	\$596.53	\$1,017.61	\$1,438.69	\$1,859.77
May	\$210.54	\$631.62	\$1,052.70	\$1,473.78	\$1,894.86
June	\$245.63	\$666.71	\$1,087.79	\$1,508.87	\$1,929.95
July	\$280.72	\$701.80	\$1,122.88	\$1,543.96	\$1,965.04
August	\$215.81	\$736.89	\$1,157.97	\$1,579.05	\$2,000.13
September	\$350.90	\$771.98	\$1,193.06	\$1,614.14	\$2,035.22
October	\$385.99	\$807.07	\$1,228.15	\$1,649.23	\$2,070.31
November	\$421.08	\$842.16	\$1,263.24	\$1,684.32	\$2,105.40