

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:** September 12, 2013

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

**FROM:** Division of Accounting and Finance (Fletcher, Maurey) *BF ALM*  
 Division of Economics (Daniel, Hudson, Roberts) *JD*  
 Division of Engineering (Simpson, Paul Vickery) *PV*  
 Office of the General Counsel (Murphy, Teitzman) *CM AT*

**RE:** Docket No. 110260-WS – Application for staff-assisted rate case in Lee County by Useppa Island Utilities Co., Inc.

**AGENDA:** 09/25/13 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Brisé

**CRITICAL DATES:** 9/5/13 (Complete Pro Forma Plant)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\AFD\WP\110260.RCM.DOC

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13 SEP 12 AM 10:01  
COMMISSION  
CLERK

### Case Background

Useppa Island Utilities Co., Inc. (Useppa or Utility) is a Class C water and wastewater utility currently providing service to approximately 144 water and 138 wastewater customers on Useppa Island in Lee County off the coast of North Fort Myers. There is no bridge to the island and the island covers approximately 100 acres. The Utility serves a membership of clients known as the Useppa Island Club. Members of the Useppa Island Club visit the island for vacations, holidays, and special events, which results in a seasonal customer base. Useppa is located in the South Florida Water Management District (SFWMD or District) in a critical use county on environmentally sensitive land.

Docket No. 110260-WS  
Date: September 12, 2013

Useppa was granted Certificate Nos. 354-W and 310-S in 1982. On August 29, 2011, Useppa filed an application for a staff-assisted rate case (SARC).

On May 31, 2012, Useppa and the Useppa Island POA, Inc. (Property Owners Association) filed a Joint Motion Requesting Commission Approval of Settlement Agreement which was approved by the Commission on August 10, 2012, by Order No. PSC-12-0406-PAA-WS and became final on September 5, 2012, upon the issuance of Order No. PSC-12-0457-CO-WS.

On August 28, 2013, Useppa filed a request for extension of time to complete required pro forma construction (Request).<sup>1</sup> The Request is unopposed by the Office of Public Counsel (OPC) and the Property Owners Association and is the subject of this recommendation.

The Commission has jurisdiction pursuant to Sections 367.081, 367.121, and 367.0814, Florida Statutes.

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<sup>1</sup> Work includes an injection well project and reverse osmosis retrofit of its water treatment plant.

### **Discussion of Issues**

**Issue 1:** Should the Commission approve Useppa's unopposed request for extension of time to complete its required pro forma construction of an injection well project and reverse osmosis retrofit of its water treatment plant?

**Recommendation:** Yes. The Commission should approve Useppa's unopposed Request. (Murphy)

**Staff Analysis:** The settlement agreement approved by the Commission by Order No. PSC-12-0406-PAA-WS incorporated, as Attachment B, a Commission Staff Report dated February 10, 2012. At page 26, the Staff Report included language that would require Useppa to complete pro forma items within 12 months of the issuance of a Consummating Order. That is, by September 5, 2013. In its Request, Useppa states that it

is requesting an extension to complete work until January 31, 2014. Due to pending approval timeline delays through the Department of Environmental Protection. Upon approval of the project permit, the final phase construction and activation of the deep well may begin. We anticipate that the work on the injection well will be complete by January 31, 2014.

Staff has confirmed that the permit application with the Department of Environmental Protection (DEP) is still pending and has not been approved. Neither the Property Owners Association nor OPC oppose the Request. Under the circumstances, staff recommends that the request to extend the date for completion of the required pro forma construction until January 31, 2014, is reasonable and should be approved. Because DEP's review of the project is subject to public notice and protest, staff recommends that staff be granted authority to administratively approve additional extensions of time, as may be needed, based upon any further delays in the permitting process.

No other modification of the approved timelines is required. Pursuant to Order No. PSC-12-0406-PAA-WS, Phase II rates will not go into effect until the pro forma work is completed.<sup>2</sup>

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<sup>2</sup> See *Id.* at Attachment B page 26.

Docket No. 110260-WS  
Date: September 12, 2013

**Issue 2:** Should this docket be closed?

**Recommendation:** No. Staff recommends that this docket remain open to address Phase II rates in accordance with the Parties Stipulation and Settlement Agreement. (Murphy)

**Staff Analysis:** Staff recommends that this docket remain open to address Phase II rates in accordance with the Parties Stipulation and Settlement Agreement.