

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 3, 2015

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

**FROM:** Division of Engineering (Hill, King) *BK*  
Division of Accounting and Finance (Fletcher, Frank, Norris) *DF*  
Division of Economics (Thompson) *ALM*  
Office of the General Counsel (Villafrate) *DF*

**RE:** Docket No. 150113-WS – Application for transfer of majority organizational control of Orange Blossom Utilities, Inc., holder of Certificate Nos. 639-W and 548-S in Sumter County, from Nancy Steinmetz Roach to Jonathan S. Dean.

**AGENDA:** 09/15/15 – Regular Agenda – Tariff Filing for Issue 2 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Edgar

**CRITICAL DATES:** 10/27/15 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

## Case Background

Orange Blossom Utilities, Inc. (Orange Blossom or Utility) is a water and wastewater utility serving approximately 32 customers in Sumter County. Original Certificate Nos. 639-W and 548-S were approved by Order No. PSC-07-0951-FOF-WS, issued November 29, 2007.

On April 2, 2015, an application for authority for transfer of majority organizational control was filed by Orange Blossom. On August 27, 2015, Orange Blossom requested that non-sufficient funds (NSF) charges be added to the water and wastewater tariffs. Staff identified several deficiencies in a letter to Orange Blossom on May 19, 2015. The Utility's response on June 23,

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2015, satisfied these deficiencies. The Commission has jurisdiction in this case pursuant to Section 367.071, Florida Statutes (F.S.).

## Discussion of Issues

**Issue 1:** Should the application for transfer of majority organizational control of Orange Blossom Utilities, Inc. in Sumter County from Nancy Steinmetz Roach to Jonathan S. Dean be approved?

**Recommendation:** Yes. The transfer of majority organizational control from Nancy Steinmetz Roach to Jonathan S. Dean is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water and wastewater certificates, with the territory described in Attachment A. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), Florida Administrative Code, (F.A.C.). (Hill, Frank, Thompson)

**Staff Analysis:** This application is for the transfer of majority organizational control of Orange Blossom Utilities, Inc., from Nancy Steinmetz Roach to Jonathan S. Dean (Buyer). Based on staff's review, the application is in compliance with the governing statute, Section 367.071, F.S., and Rule 25-30.037(3), F.A.C., concerning applications for transfer of majority organizational control.

### Noticing, Territory, and Ownership

The applicants provided proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed with the Commission, and the time for doing so has expired. The notice contains a description of the territory for Orange Blossom, which is appended to this recommendation as Attachment A. The application does not involve transfer of the facilities and Orange Blossom will continue to own the land where the water and wastewater treatment plants are currently located. The application includes evidence of this deed pursuant to Rule 25-30.037(3)(i), F.A.C.

### Technical and Financial Ability

Pursuant to Rule 25-30.037(3)(f), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service. The transfer application states that the Buyer has sufficient financial assets to ensure the continuing operation of the Utility. Staff reviewed the financial statements of the Buyer<sup>1</sup> and believes he has the financial capability to provide any necessary funding. According to the application, the public interest is served by the continuity of management in the Utility as the shares of the majority owner are purchased by the Buyer, who has been a shareholder of the corporation since its inception. Based on the information above, staff recommends that the Buyer has the technical and financial capability to provide service to the existing service territory.

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<sup>1</sup> Document No. 03862-15, p. 2.

**Rates and Charges**

The Utility's rates and charges were last approved in an original certificate docket in 2007.<sup>2</sup> Additionally, since the original certificate, the Utility has received three index price increases. The Utility's existing rates and charges are shown on Schedule No. 1 for water and Schedule No. 2 for wastewater. 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. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), F.A.C.

**Conclusion**

Based on the above, staff recommends that the transfer of majority organizational control from Nancy Steinmetz Roach to Jonathan S. Dean is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water and wastewater certificates, with the territory described in Attachment A. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), F.A.C.

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<sup>2</sup> Order No. PSC-08-0255-PAA-WS, issued April 24, 2008, in Docket No. 070391-WS, *In re: Application for certificates to provide water and wastewater service in Sumter County by Orange Blossom Utilities, Inc.*

**Issue 2:** Should Orange Blossom be authorized to collect Non-Sufficient Funds (NSF) charges?

**Recommendation:** Yes. Staff recommends that the Utility revise its tariffs to reflect the NSF charges currently set forth in Sections 832.08(5) and 68.065(2), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice. (Thompson)

**Staff Analysis:** Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. The Commission has authority to establish, increase, or change a rate or charge. Staff recommends that the Utility should be authorized to collect NSF charges consistent with Sections 832.08(5) and 68.065(2), F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Sections 832.08(5) and 68.065(2), F.S., the following NSF charges may be assessed:

1. \$25, if the face value does not exceed \$50,
2. \$30, if the face value exceeds \$50 but does not exceed \$300,
3. \$40, if the face value exceeds \$300,
4. or five percent of the face amount of the check, whichever is greater.

Approval of NSF charges is consistent with prior Commission decisions.<sup>3</sup> Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers. As such, staff recommends that the Utility revise its tariffs to reflect the NSF charges currently set forth in Sections 832.08(5) and 68.065(2), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the NSF charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice.

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<sup>3</sup> Order No. PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 140030-SU, *In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc.*, and Order No. PSC-13-0646-PAA-WU, issued November 1, 2013, in Docket No. 130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

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

**Recommendation:** Yes. If the Commission approves staff's recommendation in Issues 1 and 2, the tariffs should become effective on September 15, 2015. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Villafrate)

**Staff Analysis:** If the Commission approves staff's recommendation in Issues 1 and 2, the tariffs should become effective on September 15, 2015. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Orange Blossom Utilities, Inc.  
Water and Wastewater Service Area  
Sumter County

Section 15, Township 18 South, Range 23 East

Begin at a point 1442.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, Sumter County, Florida; thence run S. 89°59'25" E., 1442.24 feet; thence run S. 45°03'32" E., 49.56 feet; thence run S. 00°07'42" E., 14.99 feet; thence run S. 89°59'45" E., 14.99 feet; thence run S. 45°03'32" E., 14.16 feet; thence run S. 00°07'39" E., 1271.93 feet; thence run S. 89°55'20" W., 661.67 feet; thence run S. 00°05'52" E., 609.07 feet to the Northerly right-of-way line of County Road No. 466; thence run along said Northerly right-of-way the following courses: N. 45°43'48" W., 96.20 feet to the point of curvature of a curve concave Southwesterly having a radius of 1960.08 feet and a central angle of 26°40'29"; thence run along the arc of said curve 912.54 feet said arc having a chord bearing of N. 59°08'15" W.; and a chord distance of 904.32 feet; thence departing said right-of-way run N. 00°01'25" E., 1411.10 feet to the point of beginning.

**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes**

**Orange Blossom Utilities, Inc.  
Pursuant to  
Certificate Number 639-W**

to provide water service in Sumter 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>
PSC-07-0951-FOF-WS	11/29/2007	070391-WS	Original Certificate
PSC-07-0391-PAA-WS	04/24/2008	070391-WS	Initial Rates and Charges
*	*	150113-WS	Transfer Majority Organizational Control

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



**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes**

**Orange Blossom Utilities, Inc.  
Pursuant to  
Certificate Number 548-S**

to provide wastewater service in Sumter 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>
PSC-07-0951-FOF-WS	11/29/2007	070391-WS	Original Certificate
PSC-07-0391-PAA-WS	04/24/2008	070391-WS	Initial Rates and Charges
*	*	150113-WS	Transfer Majority Organizational Control

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

**Orange Blossom Utilities, Inc.  
Monthly Water Rates**

**Residential and General Service**

Base Facility Charge by Meter Size

5/8" x 3/4"	\$15.48
3/4"	\$23.22
1"	\$38.71
1 1/2"	\$77.41
2"	\$123.86
3"	\$270.95
4"	\$464.47
6"	\$967.65
8"	\$1,393.40

Charge Per 1,000 gallons \$1.43

**Initial Customer Deposit**

**Residential Service and General Service**

5/8" x 3/4" \$52.00

**Miscellaneous Service Charges**

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	\$30.00	\$40.00
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00
Late Payment Charge		\$6.00
NSF Check Charge	Pursuant to Florida Statute 832.08(5)	

**Orange Blossom Utilities, Inc.  
Water Service Availability Charge**

**Main Extension Charge**

Residential – Per ERC	\$1,440.00
All Other per gallon	\$4.80

**Meter Installation Charge**

5/8" x 3/4"	\$150.00
Over 5/8" x 3/4"	Actual Cost

**Plant Capacity Charge**

Residential – Per ERC	\$560.00
All Other per gallon	\$1.87

**Orange Blossom Utilities, Inc.  
 Monthly Wastewater Rates**

**Residential Service**

Base Facility Charge – All Meter Sizes	\$26.47
Charge Per 1,000 gallons 10,000 gallon cap	\$3.13

**General Service**

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$26.47
3/4"	\$39.72
1"	\$66.19
1 1/2"	\$132.39
2"	\$211.82
3"	\$463.37
4"	\$794.34
6"	\$1,654.88
8"	\$2,383.03
Charge Per 1,000 gallons	\$3.13

**Initial Customer Deposit**

**Residential Service and General Service**

5/8" x 3/4"	\$102.00
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**Miscellaneous Service Charges**

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00
Late Payment Charge		\$6.00
NSF Check Charge	Pursuant to Florida Statute 832.08(5)	

**Orange Blossom Utilities, Inc.  
Wastewater Service Availability Charges**

**Main Extension Charge**

Residential – Per ERC	\$4,450.00
All Other per gallon	\$14.83

**Plant Capacity Charge**

Residential – Per ERC	\$1,050.00
All Other per gallon	\$3.50