

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for original certificates of authorization for existing utility currently charging for water and wastewater service in Polk County, by Coastal Income Properties - The Harbor, LLC d/b/a The Harbor.

DOCKET NO. 20170178-WS
ORDER NO. PSC-2018-0328-PAA-WS
ISSUED: June 27, 2018

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING COASTAL INCOME PROPERTIES – THE HARBOR, LLC
APPROVING RATES AND CHARGES
AND
FINAL ORDER GRANTING ORIGINAL CERTIFICATE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein concerning the approval of rates and charges is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Coastal Income Properties - The Harbor, LLC (Coastal Income or Utility) is located in Polk County. Based on its application, the Utility provides water service to 175 individual mobile home/recreational vehicle (RV) customers, and one general service customer. The general service customer (Hidden Harbor Resort) has 14 lots. Coastal Income also provides wastewater service to 156 of the residential water service customers.

The water and wastewater systems were built in 1967 to service the original RV resort (Harbor Waterfront Resort or Resort), owned and developed by Harry and Lucille Monroe, consisting of 119 lots for RVs and mobile homes. In subsequent years, the Monroes developed

the surrounding area into what is now known as Mark Lane, Opal Drive, and Harbor Pointe Drive. These areas are outside of the Resort and the mobile homes are individually owned. The Monroes extended water service to these areas, and wastewater service to all but the residents of Opal Drive and two of the residents on Mark Lane. The Monroes also extended water service to a mobile home park adjacent to Opal Drive, the Hidden Harbor Resort (Hidden Harbor). In 1994, the Monroes sold the resort and all of its facilities to Mr. Rob Smith.

Until 1996, regulation of water and wastewater utilities in Polk County (County) fell under the jurisdiction of the County. On May 14, 1996, the Board of County Commissioners of Polk County adopted a resolution¹ which made the privately-owned, for-profit water and wastewater utilities in the County subject to the jurisdiction of the Florida Public Service Commission (Commission). The owner of the subject water and wastewater systems, Mr. Smith, was informed at that time that his water and wastewater systems would be exempt from Commission regulation and he would not have to file a grandfather application.

On June 28, 2016, the Office of Public Counsel (OPC) contacted Commission staff regarding the regulatory status of the Resort because it received a complaint from a water and wastewater customer of the Resort. The complaint was handled by the Polk County Health Department, and Commission staff began investigating whether the Resort required a certificate. On July 27, 2016, Commission staff instructed the Resort to file an application for water and wastewater certificates by August 31, 2016.

On August 23, 2016, we granted the Resort's request for an extension to file the certificates to November 30, 2016. Commission staff assisted the Resort's engineering firm to prepare maps and territory descriptions that would satisfy our regulatory requirements. On June 12, 2017, we learned that the Resort, including the water and wastewater systems, had been sold to Coastal Income, managed by Mr. Brian Keller. The closing took place on June 15, 2017.

Pursuant to Section 367.031, Florida Statutes (F.S.), we are required to grant or deny an application for a certificate of authorization within 90 days after the official filing date of the completed application unless the Utility waives this requirement. The Utility's application was deemed complete on February 20, 2018, which is considered the official filing date. Coastal Income has waived the 90-day statutory deadline through June 5, 2018.

We conducted an Agenda Conference on this matter on June 5, 2018 to consider the Utility's application for original water and wastewater certificates and to determine appropriate rates and charges. As discussed herein, we find the Utility's application is in compliance with our governing statutes, and we have jurisdiction pursuant to Sections 367.031 and 367.045, F.S.

¹Order No. PSC-96-0896-FOF-WS, issued July 11, 1996, in Docket No. 960674-WS, *In re: Resolution of Board of Commissioners of Polk County declaring Polk County subject to provisions of Chapter 367, F.S.*

Decision

Application for Water and Wastewater Certificates

Coastal Income filed a deficient application for water and wastewater certificates on August 21, 2017 and Commission staff responded with a deficiency letter on September 20, 2017. The Utility cured the deficiencies in their application on February 20, 2018.

Notice

On February 20, 2018, Coastal Income filed proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. No entity has filed a protest during the protest period and the time for filing objections has expired.

Land Ownership and Service Territory

Coastal Income provided adequate service territory and system maps and a territory description as required by Rule 25-30.034, F.A.C. The legal description of the service territory is appended to this order as Attachment A. The application contains a copy of a special warranty deed that was executed on June 15, 2017, as evidence that the Utility owns the land upon which the wastewater treatment facilities are located pursuant to Rule 25-30.034(1)(m), F.A.C.

Financial and Technical Ability

Pursuant to Rule 25-30.034(1)(i), F.A.C., the Utility provided statements describing its financial and technical ability to provide service. After reviewing the financial statements of Coastal Income, we have determined that the current owner has demonstrated through documentation that it possesses adequate resources to support the Utility's water and wastewater operations.

Regarding technical ability, the Utility stated in its application that, during the mid-1980's and early 1990's, Mr. Keller owned and operated 36 mobile home and RV communities throughout the State of Florida. Approximately half of the communities had their own wells and wastewater treatment facilities. We have determined that Mr. Keller has sufficient experience administratively and operationally to operate Coastal Income facilities. The Utility has secured the additional technical expertise of a contractor licensed by the Florida Department of Environmental Protection (DEP) who will be handling the daily operating procedures. As of May 9, 2018, Coastal Income had no compliance issues on file with DEP and was current with its monitoring requirements.

After a review of the completed application, we hereby grant Coastal Income Certificate Nos. 671-W and 573-S to serve the territory described in Attachment A, effective June 5, 2018. Our order shall serve as Coastal Income's water and wastewater certificates and it shall be retained by the Utility.

Rates and Charges

The Utility provides water service to approximately 175 residential customers and Hidden Harbor; wastewater service is provided to approximately 156 of the residential customers. Because the Utility's customers are not metered, they are billed flat rates for water and wastewater service. For customers in a portion of the service area, the cost of water and wastewater service was included in the lot rent. In addition, the flat rate for some customers has included non-jurisdictional services, such as garbage and street lights and some customers were billed an additional amount if the customers had a washing machine.

The Utility proposes billing all residential and general service customers, with the exception of Hidden Harbor, flat rates of \$42 per month for water and \$42 per month for wastewater based on the amounts currently billed to water and wastewater customers who are not billed for the non-jurisdictional services. Hidden Harbor will continue to be charged \$315 per month for water service.

Late Payment Charge

The Utility has also previously billed a late payment charge of \$10 per month; however, the Utility proposed a reduced \$5 late payment charge and provided cost justification which reflects the Utility's administrative cost for processing late payment notices. The proposed late payment charge is consistent with our prior decisions.² The Utility's cost justification for its requested late payment charge is shown below on Table 1. The Utility does not have any other miscellaneous service charges or service availability charges.

Table 1
Late Payment Charge

Labor	\$4.28
Supplies	\$0.23
Postage	\$0.49
Total	\$5.00

Source: Utility's Cost Justification

During the years prior to when the Utility fell within our regulatory authority, monthly water and wastewater rates were increased annually, effective January 1. However, due to the Utility's pending application, we did not allow the Utility to increase its rates for January 1, 2018, without first seeking our approval.

The Utility has previously allowed customers to choose whether they wanted to pay monthly, quarterly, semi-annually, or annually. However, the Utility proposes billing all customers on a quarterly basis. The Utility is responsible for contacting the Department of

²Order No. PSC-15-0535-PAA-WU, issued November 19, 2015, in Docket No. 20140217-WU, *In re: Application for staff assisted rate case in Sumter County by Cedar Acres, Inc.*

Business and Professional Regulation to amend its prospectus to remove the cost of water and wastewater service from lot rent.

We hereby approve the Utility to charge residential and general service flat rates of \$42 per month for water and \$42 per month for wastewater for all customers, with the exception of Hidden Harbor, which shall be charged \$315 per month as shown on Schedule No. 1 (attached). The Utility's proposed late payment charge of \$5 is also approved. The Utility shall bill all customers on a quarterly basis. The Utility shall notice all customers of the approved rates and charges and the change to quarterly billing. The notice shall be approved by Commission staff prior to publication and the Utility shall provide proof of the date notice was given within 10 days of the date of the notice. The approved rates and charges shall be effective for service rendered on or after the effective date of the tariffs pursuant to Rule 25-30.475, F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Coastal Income – The Harbor, LLC, shall be granted Certificate Nos. 671-W and 573-S to serve the territory described in Attachment A, effective June 5, 2018. The resultant order shall serve as certificates and shall be retained by the Utility. It is further

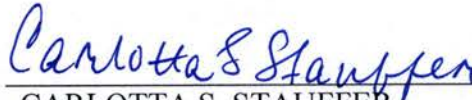
ORDERED that Coastal Income – The Harbor, LLC shall charge residential and general service flat rates of \$42 per month for water and \$42 per month for wastewater for all customers, with the exception of Hidden Harbor, which shall be charged \$315 per month as shown on Schedule No. 1. It is further

ORDERED that the Utility's proposed late payment charge of \$5 is approved. The Utility's request to bill all customers on a quarterly basis is approved. The Utility shall provide notice to all customers of the approved rates and charges and the change to quarterly billing. The notice shall be approved by Commission staff prior to publication and the Utility shall provide proof of the date notice was given within 10 days of the date of the notice. The approved rates and charges shall be effective for service rendered on or after the effective date of the tariffs pursuant to Rule 25-30.475, F.A.C. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order shall be issued. The docket shall remain open for Commission staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by Commission staff. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 27th day of June, 2018.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

WLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action approving rates and a late payment charge is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 18, 2018. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request:
(1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed

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by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Coastal Income Properties - The Harbor, LLC
Description of Water and Wastewater Service Territory

Polk County

Commence at the Southwest corner of Section 21, also being the Northwest corner of Section 28, Township 29 South, Range 29 East, Polk County, Florida. Thence run N90°00'00"E along the Common line between said Sections 21 and 28 a distance of 2,543.93 ' to the SE Corner of Lot 1 Block G of Tiotie Beach Estates, Unit Number Two as recorded in Plat Book 41, Page 17, Public Records of Polk County, Florida, and the Point of Beginning. Thence run along the Easterly Boundary of said Block G the following three courses N00°08'15"E 24.46'; N55°11'25"E 245.00'; S89°51'45"E 42.00'; thence continue along the Easterly Boundary of Block G, N00°08'15"E 131.99' to the NE corner Lot 6 of said Block G and the South Right of Way of North Marina Parkway and Kissimmee Boulevard, thence S89°51'45"E, along said South Right of Way, 547.25'; thence N00°08'15"E, 200.00' to the NE corner of Lot 18, Block C, of said Tiotie Beach Estates, Unit Number Two; thence S89°51'45"E, along the South Right of Way of a 50.00' Canal, 485.00' to Lake Rosalie; thence S05°12'45"W, along Lake Rosalie, 1,050.20'; thence N89°51'45"W, 1,385.90' to the East line of Tiotie Beach Estates, Unit Number Three, as Recorded in Plat Book 41, Page 20, Public Records of Polk County, Florida; thence along said East line N00°00'00"E, 124.00'; thence N04°52'17"W, 118.25'; thence N35°00'00"E, 375.00' to the NE corner of said Tiotie Beach Estates, Unit Number Three, returning to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

authorizes

**Coastal Income Properties - The Harbor, LLC
pursuant to
Certificate Number 671-W**

to provide water service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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-2018-0328-PAA-WS	June 27, 2018	20170178-WS	Original Certificate

FLORIDA PUBLIC SERVICE COMMISSION

authorizes

**Coastal Income Properties - The Harbor, LLC
pursuant to
Certificate Number 573-S**

to provide wastewater service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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-2018-0328-PAA-WS	June 27, 2018	20170178-WS	Original Certificate

**The Harbor Waterfront Resort
Monthly Water Rates**

Residential and General Service

Flat Rate \$42.00

General Service

Flat Rate - Hidden Harbor Resort \$315.00
(7.5 ERCs)

Monthly Wastewater Rates

Residential and General Service

Flat Rate \$42.00

Miscellaneous Service Charges

Late Payment Charge \$5.00