

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in  
Polk County by River Ranch Water  
Management, L.L.C.

DOCKET NO. 20170219-WS  
ORDER NO. PSC-2021-0431-PAA-WS  
ISSUED: November 19, 2021

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman  
ART GRAHAM  
ANDREW GILES FAY  
MIKE LA ROSA  
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING CONTINUATION OF FLAT RATE STRUCTURE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the action discussed herein 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.

**Background**

River Ranch Water Management, L.L.C. (River Ranch or utility) is a Class C water and wastewater utility located in Polk County in the South Florida Water Management District (SFWMD). The utility provides water and wastewater service to a luxury glamping resort which includes single family residential homes, recreational vehicle, condominiums, and other commercial resort properties. According to the utility's 2020 Annual Report, total gross revenues were \$400,544 for water and \$228,841 for wastewater, and total operating expenses were \$304,934 for water and \$157,001 for wastewater. Based on our review of the annual report, the utility is not in an overearnings posture.

The utility has been providing service since 1973. In 1996, Polk County transferred its jurisdiction over the privately-owned water and wastewater facilities to this Commission. In September 1997, New River Ranch, L.C. d/b/a River Ranch filed an application for grandfather certificates. Effective February 1999, the utility was granted Certificate Nos. 603-W and 519-S.<sup>1</sup>

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<sup>1</sup> Order No. PSC-99-0254-FOF-WS, issued February 9, 1999, in Docket No. 19971185-WS, *In re: Application for original certificates for an existing utility providing water and wastewater service in Polk County by New River Ranch, L.C. d/b/a River Ranch.*

In 2003, the certificates were transferred to River Ranch.<sup>2</sup> The utility filed for a staff-assisted rate case in the instant docket on October 10, 2017. A test year ended September 30, 2017, was selected.

Pursuant to Order No. PSC-2018-0549-PAA-WS, issued in the instant docket, we approved flat water and wastewater rates because not all meters were installed and properly calibrated. The utility was ordered to meter all water connections and confirm that all meters were installed and properly calibrated by December 31, 2018. The utility was to provide an affidavit within 10 days of completion. River Ranch filed its affidavit of compliance on January 9, 2019. In addition, the utility was also ordered to provide actual monthly usage data by customer class and meter size on a quarterly basis for a 12-month period beginning January 1, 2019. The order also required the utility to provide the monthly meter readings to customers to make sure they are aware of their usage patterns. Further, that order stated that, after the completion of the 12-month reporting period, our staff would evaluate the data for purposes of recommending a base facility charge and gallonage charge rate structure at a subsequent Agenda Conference. The utility fulfilled its reporting requirement in January of 2020. Our staff evaluated that data upon receipt and discovered that it appeared to indicate that not all connections had been metered and/or that not all meters had been properly calibrated. As a result, our staff has continued working with the utility to identify any potential missing or inaccurate information and meters.

This order addresses whether a base facility charge and gallonage charge rate structure for River Ranch's water and wastewater systems is appropriate at this time. We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, and 367.091, Florida Statutes.

### **Decision**

As mentioned in the Background, pursuant to Order No. PSC-2018-0549-PAA-WS, we approved flat water and wastewater rates because not all properties located in the service area were metered and properly calibrated. We ordered the utility to provide actual monthly usage data by customer class and meter size on a quarterly basis for a 12-month period. That order further required our staff to evaluate that data for purposes of recommending a base facility charge and gallonage charge rate structure at a subsequent Agenda Conference.

Pursuant to our order, the utility began filing the quarterly reports in early January 2019 and fulfilled its requirement of filing the quarterly usage reports in January 2020. The utility also provided an affidavit, which indicated that all connections had been metered and all new meters, main meters, and other water meters had been properly calibrated. Subsequently, pursuant to our order, our staff conducted a review of the utility's filings and discovered that the data appeared to indicate that not all connections had been metered and/or that not all meters had been properly

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<sup>2</sup> Order No. PSC-03-0518-FOF-WS, issued April 18, 2003, in Docket No. 20020382-WS, *In re: Application for transfer of facilities and Certificate Nos. 603-W and 519-S in Polk County from New River Ranch L.C. d/b/a River Ranch to River Ranch Water Management, LLC.*

calibrated. Since then, our staff has continuously worked with the utility to identify any missing or inaccurate information and meters.

River Ranch's usage reports indicate that the utility sold a total of 35,628,627 gallons in 2019, which was significantly lower than the total number of pumped gallons of 57,882,000 reflected in the utility's 2019 annual report. The difference in pumped and sold gallons results in unaccounted for water of approximately 38 percent, which is 28 percent over this Commission's allowable limit for unaccounted for water of 10 percent. Further, according to the 2020 annual report, approximately the same margin of unaccounted for water in 2019 was exhibited in 2020.

The significant unaccounted for water is an impediment to the development of metered rates because it will cause customers to carry the burden of the cost related to unaccounted for water. In addition, if there is still unmetered usage, it will cause metered rates to be higher and create subsidization among customers.

In February 2020, in an effort to assist River Ranch, our staff used the billing reports provided by the utility to generate a list of all the metered properties with meter sizes and sent it to the utility to retrace the information and identify any missing or improperly calibrated meters. Due to COVID-19, the utility's response was delayed because of a shortage in staffing. On June 24, 2020, the utility fulfilled our staff's request and provided an updated record that included all customers in each location, the meter size for each customer, and a subtotal count for each class of service. However, this record was significantly different from the list provided in February.

When designing rates for a base facility charge and gallonage charge rate structure, it is essential that the meter sizes are correct and all of the usage is being metered. From July 2020 to December 2020, our staff had several exchanges with the utility in an effort to ascertain the correct billing information for purposes of designing metered rates. River Ranch has been forthcoming and responsive to our staff's requests for billing information. However, River Ranch has provided inconsistent information in response to our staff's requests for clarification of certain billing information. Further, on February 11, 2021, the utility informed our staff that an unmetered main line was discovered at the back of the RV park.<sup>3</sup> But, in order to minimize the impact of the water outage to customers for the meter install, the utility was not able to install the six-inch meter to the RV park until August 2021 when occupancy was down. In order to determine if the unmetered line to the RV park is the source of the unaccounted for water, our staff requested that the utility provide the meter reading since the install. On October 20, 2021, the utility indicated that it discovered that the meter was installed backwards and has to be reinstalled. Therefore, as of now, we are unable to determine whether the newly installed meter to the RV park will cure the unaccounted for water issue.

Although it is important to implement metered rates to encourage water conservation, restructuring River Ranch's rates at this time may lead to higher rates for customers and subsidization among customers because of the uncertainties related to metering and unaccounted for water. Therefore, this docket shall be closed and the utility shall begin proactively evaluating its water sold versus water pumped on a monthly basis in order to employ measures that will

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<sup>3</sup> Although the line was unmetered, the RV park was billed a flat rate consistent with the utility's existing tariff.

ensure reliable billing data for future proceedings. In addition, the utility shall continue to provide the monthly meter readings to customers to make sure they are aware of their usage patterns.<sup>4</sup>

Based on the above, we find that a base facility charge and gallonage charge rate structure for River Ranch's water and wastewater systems is not appropriate at this time. As such, we hereby approve a continuation of River Ranch's existing flat rate structure. In addition, the utility is hereby put on notice that it shall address its unaccounted for water issue in anticipation of the implementation of metered rates in its next rate proceeding before this Commission.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that a base facility charge and gallonage charge rate structure for River Ranch Water Management, L.L.C.'s water and wastewater systems is not appropriate at this time. It is further

ORDERED that River Ranch Water Management, L.L.C. shall continue its existing flat rate structure. It is further

ORDERED that River Ranch Water Management, L.L.C. shall begin proactively evaluating its water sold versus water pumped on a monthly basis in order to employ measures that will ensure reliable billing data for future proceedings. It is further

ORDERED that River Ranch Water Management, L.L.C. shall continue to provide monthly meter readings to customers to make sure they are aware of their usage patterns. It is further

ORDERED that River Ranch Water Management, L.L.C. is hereby put on notice that it shall address its unaccounted for water issue in anticipation of the implementation of metered rates in its next rate proceeding before this Commission. 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 this order, a Consummating Order shall be issued and this docket shall be closed.

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<sup>4</sup> Order No. PSC-2018-0549-PAA-WS, issued November 19, 2018, instant docket.

By ORDER of the Florida Public Service Commission this 19th day of November, 2021.

  
ADAM J. TEITZMAN  
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.

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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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

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.

The action proposed herein 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 10, 2021.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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