

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 19, 2024

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Marquez) *AEH*
Division of Accounting and Finance (Richards, Higgins, Kelley, Mouring) *ALM*

RE: Docket No. 20230131-WS – Application for staff-assisted rate case in Putnam County, by St. Johns River Estates Utilities, LLC

AGENDA: 10/01/2024 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: April 30, 2025 (15-month statutory deadline pursuant to Section 367.0814(2), Florida Statutes)

SPECIAL INSTRUCTIONS: None

Case Background

St. Johns River Estates Utilities, LLC (“St. Johns” or “Utility”) is a water and wastewater utility serving approximately 90 customers in Putnam County, Florida. On November 30, 2023, St. Johns filed an application for staff-assisted rate case (“SARC”) pursuant to Section 367.0814, Florida Statutes (“F.S.”), and Rule 25-30.455, Florida Administrative Code (“F.A.C.”).¹ The application was accepted by Florida Public Service Commission Staff (“Commission staff”) on December 22, 2023.² However, St. Johns failed to remit its \$1,200 filing fee which resulted in an application denial.³

¹ Document No. 06394-2023, Docket No. 20230131-WS, filed November 30, 2023.

² Document No. 06729-2023, Docket No. 20230131-WS, filed December 22, 2023 (establishing January 22, 2024, as official date of filing and filing fee due date).

³ Document No. 00363-2024, Docket No. 20230131-WS, filed January 29, 2024.

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St. Johns then filed a new application for SARC on January 30, 2024, coupled with its \$1,200 filing fee.⁴ This second application was accepted by Commission staff with January 30, 2024, as the official date of filing.⁵

After acceptance, Commission staff determined that St. Johns was no longer eligible for a SARC because the Utility is not in compliance with Commission rules that require the filing of an Annual Report and payment of regulatory assessment fees (“RAFs”). A notice of late Annual Report and delinquent RAFs for 2023 was sent to St. Johns via certified U.S. mail on August 1, 2024.⁶

The Commission has jurisdiction over this matter pursuant to Section 367.0814, F.S.

⁴ Document No. 00410-2024, Docket No. 20230131-WS, filed January 30, 2024.

⁵ Document No. 00521-2024, Docket No. 20230131-WS, filed February 2, 2024.

⁶ Document No. 08327-2024, Docket No. 20230131-WS, filed August 8, 2024.

Discussion of Issues

Issue 1: Does St. Johns remain eligible for a SARC?

Recommendation: No. An applicant must continuously meet all eligibility criteria in Rule 25-30.455(1), F.A.C., to qualify for a SARC. St. Johns' failure to pay its 2023 RAF balance means it is not eligible for a SARC at this time. Therefore, the Commission should deny the SARC application. (Marquez)

Staff Analysis: To be eligible for a SARC, an applicant must meet certain threshold requirements detailed in Rule 25-30.455(1)(a)–(c), F.A.C. Specifically, it must (1) have total gross annual operating revenues no more than \$335,000 for water service or wastewater service (or \$670,000 on a combined basis); (2) have at least one year of experience operating the utility for which the rate increase is sought; (3) be in compliance with annual report filings pursuant to Rule 25-30.110(3)–(5), F.A.C.; and (4) be up-to-date with all RAF payments. Failure to satisfy any one of those criteria renders a utility ineligible for a SARC.

On August 1, 2024, Commission staff sent a certified letter to St. Johns. The letter notified the Utility of the change in circumstances now making it ineligible for a SARC. Nonetheless, Commission staff provided St. Johns over three weeks time to remedy the deficiencies. St. Johns needed to do the following by August 23, 2024:

- (1) File its 2023 Annual Report;
- (2) Pay an Annual Report late fee of \$485.00;
- (3) Pay the 2023 water RAF, including penalties, of \$959.82; and
- (4) Pay the 2023 wastewater RAF, including penalties, of \$1,293.26.

Pursuant to Rule 25-30.110(3)(a), F.A.C., each utility must file an annual report with the Commission by March 31st for the preceding year ending December 31st. St. Johns filed its 2023 Annual Report five months late on August 16, 2024. Rule 25-30.110(6), F.A.C., sets forth the penalties for delinquent annual reports. The applicable penalty for a Class C utility is \$3.00 per day plus interest, based on the number of calendar days elapsed from the date due until the date filed. St. Johns remitted a check to cover the late fee in the amount of \$420. Although not the full sum required, Commission staff is willing to waive the remaining balance of less than \$50.00.

Pursuant to Rule 25-30.120(2)(b), F.A.C., small water and wastewater utilities must file their RAFs with the Commission by March 31st for the proceeding year ending December 31st. St. Johns has not paid its 2023 regulatory assessment fees.⁷ As of August 23, 2024, the amount due for 2023 water RAF, plus penalties pursuant to Rule 25-30.120(7), F.A.C., was \$959.82. As of the same date, the amount due for 2023 wastewater RAF, plus penalties, was \$1,293.26. The Commission has not received payment. Nor has St. Johns entered into a RAF repayment plan.

⁷ On April 2, 2024, the Commission received two RAF checks from St. Johns, but each check bounced.

To date, the RAF payments remain outstanding. Commission staff recommends that the Commission deny the SARC application because St. Johns' failure to pay RAFs has rendered it ineligible to qualify for a SARC pursuant to Rule 25-30.455(1), F.A.C.

Issue 2: Should this docket be closed?

Recommendation: Yes. (Marquez)

Staff Analysis: Having denied St. Johns' application for SARC, the docket should be closed.