

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-**

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**DATE:** February 20, 2025

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

**FROM:** Division of Engineering (M. Watts, King, Ramos, Smith II) *TB*  
Division of Accounting and Finance (Norris, Sowards) *ALM*  
Division of Economics (Bethea, Bruce, Lenberg) *JP*  
Office of the General Counsel (Sandy) *JSC*

**RE:** Docket No. 20240011-WU – Application for certificate to provide water service in St. Johns County, by Riverdale Utility Holding, Inc.

**AGENDA:** 03/04/25 – Regular Agenda – Proposed Agency Action (PAA) for Issues 2-7 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**CRITICAL DATES:** 01/31/25 (90-Day Deadline to Grant or Deny Application waived by Riverdale Utility Holding, Inc. to March 4, 2025)

**SPECIAL INSTRUCTIONS:** None

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## Case Background

On January 3, 2024, Riverdale Utility Holding, Inc. (Riverdale or Utility) filed its application for an original water certificate in St. Johns County. The area is in the St. Johns River Water Management District (SJRWMD) and is in a water resource caution area. The Utility anticipates providing services to approximately 298 water customers. Wastewater service will be provided by individual septic systems.

The Utility's initial application was found to be deficient. The Utility corrected the deficiencies on May 22, 2024, making this the official filing date of the completed application. Pursuant to Section 367.031, Florida Statutes (F.S.), the Commission shall grant or deny an application for a certificate of authorization within 90 days of the official filing date of the completed application. On June 14, 2024, St. Johns County (County) timely filed an objection to the Utility's application and requested the matter be set for hearing. By Order No. PSC-2024-0439-PCO-WU, issued October 8, 2024, this matter was set for hearing with a hearing date of April 28-30, 2025. On November 25, 2024, the County withdrew its objection, and the hearing was canceled. With the resumption of the informal proceeding, the statutory deadline for this docket was January 31, 2025. However, on December 2, 2024, the Utility waived the statutory deadline to February 4, 2025, and on January 2, 2025, the Utility waived the statutory deadline to March 4, 2025.

The territory proposed to be served by Riverdale is owned or controlled by a related party which intends to develop the property. The Utility's service area will consist of single family homes. The water treatment plant and the associated distribution system will be designed to supply the maximum daily demand and the peak hour demand. The plant will consist of 3 wells which will provide 0.09 million gallons per day of potable water. The water treatment will consist of pre-filtration followed by reverse osmosis for brackish water, de-gasification, pH adjustment, and disinfection. Reverse osmosis concentrate disposal will be by spray irrigation.

This recommendation addresses whether an original certificate should be granted and the appropriate initial rates and charges. The Commission has jurisdiction pursuant to Sections 367.031, 367.045, and 367.081, F.S.

## Discussion of Issues

**Issue 1:** Should the application of Riverdale Utility Holding, Inc. for a water certificate be approved?

**Recommendation:** Yes. The Commission should grant Riverdale Utility Holding, Inc. Certificate No. 686-W to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Riverdale's water certificate and it should be retained by the Utility. Further, the Utility should file a copy of its recorded deed in the docket file within 60 days of the issuance of the order granting the certificate. (M. Watts, Swards)

**Staff Analysis:** As stated in the case background, Riverdale filed an application for an original water certificate to provide service in St. Johns County on January 3, 2024. The application is in compliance with the governing Statute, Section 367.045, F.S., and other pertinent Statutes and administrative Rules concerning an application for original certificates.

### Notice

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code (F.A.C.). The notice of application for an initial certificate of authorization for a water certificate was mailed to the entities required and customers and landowners in the proposed service territory on May 11, 2024, and was published in a newspaper of general circulation in the area on May 15, 2024. On June, 14, 2024, St. Johns County filed an objection to Riverdale's application for an original water certificate and requested the matter be set for hearing. In addition, six residents in the proposed service territory filed timely objections to the notice of application. Commission staff mailed letters to each of these residents, five on June 12, 2024, and one on June 19, 2024, asking whether they wished to request a hearing and requesting a response by July 12, 2024. None of the residents responded to staff's letter to request a hearing. Pursuant to the County's objection and request for a hearing, the matter was set for a hearing to be held on April 28-30, 2025. On November 25, 2024, the County withdrew its objection and the hearing was canceled. Subsequent to the County's withdrawal of its objection, the Commission received 16 additional letters from residents opposing Riverdale's application for a certificate, however, these objections were filed outside the 30-day window prescribed by Rule 25-30.030(4)(h), F.A.C.

### Land Ownership and Service Territory

Riverdale submitted an executed quitclaim deed in the name of the Utility, and stated it will file a recorded copy of the deed within the time prescribed in the Order granting the Certificate, as required by Rule 25-30.033(m), F.A.C. Staff recommends the Utility be required to file a recorded copy of the deed within 60 days of the issuance of the subsequent order granting the certificate. Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.033(1)(j), F.A.C. A description of the territory requested by the applicant is appended to this recommendation as Attachment A.

### **Financial and Technical Ability**

Rule 25-30.033(1)(h), F.A.C., requires a statement showing the financial ability of the applicant to provide service, a detailed financial statement, and a list of all entities upon which the applicant is relying on to provide funding. Regarding financial ability, Riverdale provided detailed financial statements for two related entities, Riverdale Heritage Land Inc. and Semanik Investment Corporation. Additionally, the Utility stated that these entities along with John Semanik, the owner of Riverdale, will provide land, cash, and financing guarantees necessary to construct and operate the Utility. The Commission has traditionally allowed reliance on a parent company's financial ability.<sup>1</sup> The Commission's reasoning has been the logical vested interest of a parent company in the financial stability of its related parties. Staff has reviewed the related party's financial statements and believes the Utility has shown adequate and stable funding reserves. Therefore, staff recommends that Riverdale has demonstrated that it will have access to adequate financial resources to operate the Utility.

Regarding technical ability, Riverdale stated in its application that it has no prior experience operating a water system, but that it plans to contract with a licensed, experienced plant operations company for operation and maintenance. The Utility provided a list of three companies that are under consideration for the plant operation and maintenance.

Based on the above, staff recommends that Riverdale has demonstrated the technical and financial ability to provide service to the proposed service territory.

### **Conclusion**

The Commission should grant Riverdale Certificate No. 686-W to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Riverdale's water certificate and it should be retained by the Utility. Further, the Utility should file a copy of its recorded Deed in the docket file within 60 days of the issuance of the subsequent order granting the certificate.

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<sup>1</sup> Order No. PSC-2024-0380-PAA-WS, issued August 28, 2024, in Docket No. 20240023-WS, *In re: Application for certificates to provide water and wastewater services and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.*; Order No. PSC-2022-0437-PAA-WS, issued December 27, 2022, in Docket No. 20220088-WS, *In re: Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.*; Order Nos. PSC-17-0059-PAA-WS, issued February 24, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*; and Order No. PSC-13-0484-FOF-WS, issued October 15, 2013, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.*

**Issue 2:** What are the appropriate water rates and return on investment for Riverdale?

**Recommendation:** Staff's recommended water rates, shown on Schedule No. 4, are reasonable and should be approved. The approved rates should be effective for services rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. The overall cost of capital should be set at 8.64 percent. A return on equity (ROE) of 10.23 percent with a range of plus or minus 100 basis points should also be approved. (Sewards, Bethea)

**Staff Analysis:**

**Projected Rate Base**

Consistent with Commission practice in applications for original certificates, rate base is identified only as a tool to aid in setting initial rates and is not intended to formally establish rate base. Based on Riverdale's growth projections, the Utility anticipates operating at 80 percent of its design capacity in 2035. The Utility's proposed rate base calculations, as well as staff adjustments, are described below.

Riverdale proposed utility plant in service balance (UPIS) of \$5,105,734. Staff does not have any adjustments to the Utility's proposed balance. As such, staff recommends a UPIS balance of \$5,105,734.

The Utility proposed a land and land rights balance of \$1,040,000. Staff has no adjustments to the Utility's proposed balance. As such, staff recommends a land and land rights balance of \$1,040,000.

Riverdale proposed an accumulated depreciation balance of \$1,647,151. Based on the recommended plant balance, staff recalculated accumulated depreciation using the depreciation rates established by Rule 25-30.140, F.A.C. As a result, accumulated depreciation should be decreased by \$262,032. As such, staff recommends an accumulated depreciation balance of \$1,385,119.

In its filing, the Utility proposed a contributions in aid of construction (CIAC) balance of \$3,331,287. Based on staff's recommended connection fees, the CIAC balance should be decreased by \$397,062. As such, staff recommends a CIAC balance of \$2,934,225.

Riverdale proposed an accumulated amortization of CIAC balance of \$919,344. Based on the recommended CIAC balance, staff recalculated accumulated amortization of CIAC using the correct accounts and depreciation rates. As a result, staff recommends that accumulated amortization of CIAC be decreased by \$473,757. As such, staff recommends an accumulated amortization of CIAC balance of \$445,587.

The Utility proposed a working capital allowance of \$22,813 based on one-eighth of the estimated operation and maintenance (O&M) expenses of the system. The Commission has previously allowed this methodology in original certificate cases as the O&M expenses are

estimated.<sup>2</sup> Based on the recommended adjustment to O&M expense discussed below, staff recommends working capital be reduced by \$263. As a result, staff recommends a working capital allowance of \$22,550.

In total, the Utility proposed a rate base of \$2,109,453. Based on the adjustments discussed above, staff recommends that the rate base be increased by \$185,074. As such, staff recommends an adjusted rate base of \$2,294,527. Rate base calculations are shown on Schedule No. 1-A. Staff's adjustments are shown on Schedule No. 1-B.

### **Cost of Capital**

Riverdale proposed an ROE of 9.83 percent, based on the leverage formula in effect at the time of filing.<sup>3</sup> However, it has been Commission practice to use the leverage formula currently in effect to determine a Utility's ROE.<sup>4</sup> As such, staff recommends the Utility's ROE be based on the current leverage formula in effect.<sup>5</sup> Using the current leverage formula, staff recommends an ROE of 10.23 percent, with a range of plus or minus 100 basis points, as shown on Schedule No. 2. As such, staff recommends an ROE of 10.23 percent and an overall cost of capital of 8.64 percent.

### **Net Operating Income**

The Utility projected net operating income (NOI) of \$178,038. Based on the adjustments above, staff calculated an NOI of \$198,170. The calculated NOI is shown in Schedule No. 3-A.

### **O&M Expenses**

Riverdale proposed total O&M expenses of \$182,503. In its original filing, the Utility proposed salary and wages expenses of \$104,443. Upon examination of the salary and wages expense, staff was unclear if it was intended to cover multiple positions, including a licensed operator, a mechanic, and an administrative position, and if the positions were to be in-house employees or contracted services. In response to staff's request for clarification, the Utility stated this expense was intended to cover a single third party contractor with a current-day salary of \$78,000 with an estimated inflation factor applied to represent the anticipated cost of \$102,343 in 2035.<sup>6</sup> Staff compared the salary to similar positions within the 2023 American Water Works Association compensation survey for small water and wastewater utilities and believes the salary falls within a comparable range for a single position with the listed responsibilities. As such, staff

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<sup>2</sup> Order No. PSC-2024-0380-PAA-WS, issued August 28, 2024, in Docket No. 20240023-WS, *In re: Application for certificates to provide water and wastewater services and approval of initial rates and charges in Lake County, by North Lake County Water & Sewer Company LLC.*

<sup>3</sup> Order No. PSC-2023-0189-PAA-WS, issued June 28, 2023, in Docket No. 20230006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

<sup>4</sup> Order No. PSC-2022-0404-PAA-WS, issued November 21, 2022, in Docket No. 20200185-WS, *In re: Application for certificated to provide water and wastewater services in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.*; Order No. PSC-2022-0437-PAA-WS, issued December 27, 2022, in Docket No. 20220088-WS, *In re: Application for certificated to provide water and wastewater services and approval of initial rates and changes in Sumter County, by Middleton Utility Company, LLC.*

<sup>5</sup> Order No. PSC-2024-0165-PAA-WS, issued May, 22, 2024, in Docket No. 20240006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S. p. 5.*

<sup>6</sup> Document No. 00858-2025.

recommends that salaries and wages expense be reduced by \$2,100 to \$102,343 and reclassified as contractual services. Based on these adjustments, staff recommends total O&M expenses of \$180,403.

### **Net Depreciation Expense**

The Utility reflected depreciation expense, net of CIAC amortization, of negative \$8,061. Based on staff's adjustments to rate base and recalculation of depreciation expense and CIAC amortization using the correct accounts and depreciation rates, a corresponding adjustment should be made to increase net depreciation expense by \$54,922. As such, staff recommends a net depreciation expense of \$46,861.

### **Amortization Expense**

Riverdale reflected an amortization expense balance of \$494 to reflect amortization of organization costs. Staff does not have any adjustment to the Utility's proposed balance. As such, staff recommends an amortization expense of \$494.

### **Taxes Other than Income**

In its filing, the Utility included taxes other than income (TOTI) expense of \$39,806. Staff has recalculated the property tax expense based on the recommended UPIS and accumulated depreciation balances and recommends an adjustment be made to decrease TOTI by \$353. Additionally, staff recommends increasing regulatory assessment fees by \$3,421 to recognize the appropriate revenue requirement, as discussed below. As such, staff recommends total TOTI expenses of \$42,874.

### **Revenue Requirement**

The Utility's projected revenues include O&M expenses, net depreciation expenses, taxes other than income, as well as a return on investment. As a Sub Chapter S Corporation, staff notes that Riverdale has no income tax expense. The Utility proposed a revenue requirement of \$392,780. Staff recommends an adjusted revenue requirement of \$468,802 be used to set initial rates for service. The calculation of Riverdale's projected revenue requirement is shown on Schedule No. 3-A. Staff's adjustments are shown on Schedule No. 3-B.

### **Rates and Rate Structure**

Riverdale's proposed rates are in accordance with Rule 25-30.033(2), F.A.C., which requires that a base facility charge (BFC) and usage rate structure, as defined in Rule 25-30.437(6), F.A.C., be utilized for metered service. The Utility's proposed rates were designed to generate the Utility's requested revenue requirements of \$392,780 for its water system.

Staff's recommended water rates on Schedule No. 4-A reflect staff's recommended revenue requirement of \$468,802 for the water system less projected miscellaneous revenues of \$1,059. The Utility projects an average residential consumption of approximately 7,603 gallons per month. The Utility proposed a residential rate structure consisting of a BFC and two-tier inclining blocks with rate blocks of 1) 0-7,000 gallons and 2) all usage in excess of 7,000 gallons per month. The Utility's proposed rate structure for the general service water customers consists of a BFC and uniform gallonage charge rate structure. The Utility proposed water rates to recover 40 percent of the water revenues through the BFC. Staff believes the Utility's proposed

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water rate structure is reasonable and consistent with the Commission's methodology in determining water rate structures.

Based on the above, staff's recommended water rates, shown on Schedule No. 4 are reasonable and should be approved. The approved rates should be effective for services rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding.



**Issue 3:** Should Riverdale Utility Holding, Inc.'s requested initial customer deposits be approved?

**Recommendation:** No. The appropriate initial customer deposit is \$324 for water service for the residential 5/8" x 3/4" meter size. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved customer deposits should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain its specific criteria for determining the amount of initial deposits. The Utility requested initial customer deposits of \$350 for water service for the residential 5/8" x 3/4" meter size and two times the average estimated monthly bill for all others. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of rate payers. In addition, collection of customer deposits is consistent with one of the fundamental principles of rate making which ensures that the cost of providing service is recovered from the cost causer.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage. Commission practice has been to set initial customer deposits equal to two months bills based on the average consumption for a 12-month period for each class of customers. Based on the billing determinants and average residential bill provided in the application, staff determined that the anticipated average residential usage will be approximately 7,603 gallons per month for both water and wastewater. Consequently, the average residential monthly bill will be approximately \$161.67 for water service, based on staff's recommended rates.

Based on the above, the appropriate initial customer deposits are \$324 for water service for the residential 5/8" x 3/4" meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial customer deposits should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

**Issue 4:** What are the appropriate service availability charges for Riverdale Utility Holding, Inc.?

**Recommendation:** The appropriate service availability charges are shown on Table 4-1 and should be approved. The recommended main extension and plant capacity charges should be based on an estimated 250 gallons per day (gpd) of water demand. The approved charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** Riverdale requested a meter installation charge of \$250 for 5/8" x 3/4" meters and actual cost for all other meter sizes, service installation charges of \$500 for single service and \$1,000 for double service, a plant capacity charge of \$10,118 per ERC, and a main extension charge of \$2,091 per ERC for its water system. The Utility's proposed ERC is 250 gpd. The Utility asserts that the requested charges are in compliance with Rule 25-30.580, F.A.C., in that at design capacity the CIAC will not be in excess of 75 percent, and will not be less than the percentage of facilities and plant represented by the distribution and collection systems.

Rule 25-30.580(1)(a), F.A.C., provides that the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the Utility's facilities and plant when the facilities and plant are at their design capacity. The maximum guideline is designed to ensure that the Utility retains an investment in the system. Rule 25-30.580(1)(b), F.A.C., provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the distribution and collection systems.

### **Meter Installation Charges**

Riverdale requested approval of a meter installation charge of \$250 for the 5/8" x 3/4" meter. All other meter sizes will be installed at the Utility's actual cost. The Utility's proposed meter installation charge of \$250 is based on the estimated cost to install water meters. Staff recommends that the meter installation charges are reasonable and should be approved.

### **Service Installation Charges**

Riverdale requested service installation charges of \$500 for a single service and \$1,000 for a double service. The service installation charge covers the cost of connecting a property's water meter to the water main, which includes installing pipes and valves. In response to staff's second data request, Riverdale submitted documentation indicating the cost of service installation for the single service of \$500 and double service of \$1,000. The single service is for connecting one water line and double service is connecting two water lines. Staff recommends that the service installation charges are reasonable and should be approved.

### **Main Extension Charges**

The main extension charge is designed to allow customers to pay their pro rata share of the cost of the water distribution, which is installed by the Utility. Typically, the Commission approves main extension charges for water based on the average cost of the distribution system and the anticipated capacity in ERCs. In developing its main extension charge, Riverdale did not use the

average cost of the distribution system to determine the appropriate charge, resulting in an incorrect charge of \$2,091. The average cost of the distribution system per ERC is \$5,399 (\$1,608,962/298 ERCs). Therefore, staff believes the appropriate main extension charge is \$5,399 and should be approved.

**Plant Capacity Charges**

A plant capacity charge allows the Utility to recover each customer’s pro rata share of the cost of treatment facilities and stay within the guidelines prescribed in Rule 25-30.580, F.A.C., which provides minimum and maximum guidelines for designing service availability charges. The Utility proposed plant capacity charges of \$10,118, resulted in contribution levels of 75 percent, which is the maximum guideline provided in the rule mentioned above. However, the Utility’s calculations contained errors, resulting in an incorrect charge of \$10,118.

Based on staff’s recommended Utility plant in service, a plant capacity charge of \$5,675 per ERC should be approved. Staff’s recommended plant capacity charges result in a contribution level of 75 percent, which is equivalent to the contribution levels proposed by the Utility. Staff’s recommended charges are with Rule 25-30.580, F.A.C., and will allow Riverdale to maintain an appropriate level of investment in its system. Table 4-1 below displays the Utility’s proposed and staff’s recommended service availability charges for its water system.

**Table 4-1  
 Service Availability Charges**

	Utility Proposed	Staff Recommended
Charge	Water	Water
Meter Installation Charge	\$250	\$250
Service Installation Charge (Single Service)	\$500	\$500
Service Installation Charge (Double Service)	\$1,000	\$1,000
Main Extension Charge ERC =250 gpd	\$2,091	\$5,399
Plant Capacity Charge ERC = 250 gpd	\$10,118	\$5,675

Source: Utility’s Cost Justification and Staff Calculations

Based on the above, the appropriate service availability charges are shown on Table 4-1 and should be approved. The recommended main extension and plant capacity charges should be based on an estimated 250 gpd of water demand. The approved charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

**Issue 5:** Should the temporary meter deposit requested by Riverdale Utility Holding, Inc. be approved?

**Recommendation:** Yes. The Utility's requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and should be approved. The approved temporary meter deposit should be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. Riverdale should be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** Riverdale requested a temporary meter deposit for general service customers consistent with Rules 25-30.315 and 25-30.345, F.A.C., which allows the Utility to charge an applicant a reasonable charge to defray the costs of installing and removing facilities and materials for temporary service. This deposit would be collected from commercial entities requesting a temporary meter for construction activities. Once temporary meter service is terminated, Riverdale will credit the customer with the reasonable salvage value of the service facilities and materials consistent with Rules 25-30.315 and 25-30.345, F.A.C.

Based on the above, the Utility's requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and should be approved. The approved deposit should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Riverdale should be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by the Commission in a subsequent proceeding.

**Issue 6:** Should Riverdale Utility Holding, Inc.'s request for a meter tampering charge be approved?

**Recommendation:** Yes. The Utility's request for meter tampering charge at actual cost should be approved. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge its approved charge until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** In its application, the Utility requested a meter tampering charge of actual cost. Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the Utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of an unauthorized or fraudulent use of service. The rule allows Riverdale to require the customer to reimburse the Utility for all changes in piping or equipment necessary to eliminate the illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service. If meter tampering is revealed, Rule 25-30.320, F.A.C. allows the Utility to assess actual cost of any damages incurred.

Based on the above, the Utility's request for a meter tampering charge at actual cost should be approved. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge its approved charge until authorized to change them by the Commission in a subsequent proceeding.

**Issue 7:** What are the appropriate miscellaneous service charges for Riverdale Utility Holding, Inc.?

**Recommendation:** The appropriate miscellaneous service charges are shown on Table 7-3 and should be approved. The Utility should file revised tariff sheets to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** Section 367.091, F.S., authorizes the Commission to establish miscellaneous service charges. Riverdale’s request was accompanied by its reason for requesting the charges as well as the cost justification required by Section 367.091(6), F.S. The purpose of these charges is to place the burden for requesting or causing these services on the cost causer rather than the general body of ratepayers. On January 25, 2024, Riverdale clarified that its request for an original certificate was only for water. Therefore, the request for all wastewater charges should be removed and are not addressed in the recommendation. The Utility’s requested miscellaneous service charges for water are shown below in Table 7-1.

**Table 7-1  
Utility’s Requested Miscellaneous Service Charges**

	<u>Business Hours</u>
Initial Connection	\$46.05
Normal Reconnection	\$46.05
Premise Visit Charge	\$46.05
Violation Reconnection Charge	Actual Cost
Water Meter Testing Fee	\$63.51
Late Payment Charge	\$5.00

**Premise Visit and Violation Reconnection Charges**

The Utility requested initial connection, normal reconnection, and premise visit charges of \$46.05 during normal business hours. Additionally, Riverdale requested that its violation reconnection charge for its wastewater system be actual cost pursuant to Rule 25-30.460(1)(c), F.A.C. The Utility’s request for initial connection and normal reconnection charges do not conform to the Commission rules. Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.<sup>7</sup> The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premise visit charge. Therefore, the Utility’s proposed initial connection and normal reconnection charges are obsolete. The Utility’s request for premise visit charge of \$46.05 is shown below on Table 7-1. Staff believes the premise visit charge of \$46.05 is reasonable and should be approved pursuant to Rule 25-30.460, F.A.C.

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<sup>7</sup> Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

The Utility proposed separate charges for the violation reconnection charge at actual cost. However, pursuant to Commission rule, a Utility may only charge wastewater customers at actual cost for reconnection. In addition, the Commission considers the violation reconnection charge to be a disconnection and reconnection subsumed as one charge. Therefore, the Utility's violation reconnection charge should represent two premise visit charge, which is \$92.10 (\$46.05 x 2) for business hours.

The Utility requested a water meter re-read charge of \$63.51. Staff contacted the Utility for clarification of its requested charge. The Utility requested that the meter re-read charge be a premise visit charge. If a customer is not satisfied with the original meter read, a second meter read should be covered as a premise visit charge under Rule 25-30.466, F.A.C. Staff recommends that the premise visit charge is appropriate for conducting meter re-reads.

### **Late Payment Charge**

The Utility requested to implement a late payment charge of \$5. The purpose of this charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies solely upon those who are the cost causers. Riverdale is requesting to recover administrative and supply cost for processing late payment notices. Staff believes the requested late payment charge is reasonable and should be approved.

Staff's recommended miscellaneous service charges are shown below on Table 7-2.

**Table 7-2**  
**Staff Recommended Miscellaneous Service Charges**

	<u>Business Hours</u>
Premise Visit Charge	\$46.05
Violation Reconnection Charge	\$92.10
Damaging/Tampering/Altering Meter or Utility System	Actual Cost
Late Payment Charge	\$5.00

Based on the above, the appropriate miscellaneous service charges are shown on Table 7-2 and should be approved. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Riverdale should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

**Issue 8:** Should this docket be closed?

**Recommendation:** Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the utility has verified in writing that it has adjusted its books in accordance with the Commission's decision, and that the utility has submitted the executed and recorded warranty deed within 60 days of the Commission's Order. (Sandy)

**Staff Analysis:** Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the utility has verified in writing that it has adjusted its books in accordance with the Commission's decision, and that the utility has submitted the executed and recorded warranty deed within 60 days of the Commission's Order.



**Riverdale Utility Holding, Inc.**  
**Water Service Area**

Point of commencement shall be the Northeast corner of Township 8S, Range 27E, Section 38. Point of beginning is located 2,640 feet due South and 5,280 feet due West of the point of commencement. From the point of beginning go due South 1,320 feet then due West 990 feet. From this point go due South 1,320 feet then due West to the St. Johns River. From this point travel south along the river edge to Atlantic Road then go East on Atlantic Road to a point 2,640 feet west of the intersection of Atlantic Road and Orange Avenue. From this point go due North 2,640 feet to Woodward Road. Then go due East on Woodward Road 1,320 feet. From this point, turn due North and go 1,320 feet to Madison Road. Then turn and go due West 330 feet. From this point turn due North and go 1,320 feet to Jefferson Road. At Jefferson Road turn and go due West 990 feet to the Point of Beginning.

**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes  
Riverdale Utility Holding, Inc.  
Pursuant to  
Certificate Number 686-W**

To provide water service in St. Johns 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>
*	*	20240011-WU	Original Certificate

**\* Order Numbers and dates to be provided at time of issuance**

<b>Riverdale Utility Holding, Inc.</b>		<b>Schedule No. 1-A</b>	
<b>Schedule of Water Rate Base</b>		<b>20240011-WU</b>	
<b>80% Design Capacity</b>			
<b>Description</b>	<b>Test Year Per Utility</b>	<b>Staff Adjust- ments</b>	<b>Staff Adjusted Test Year</b>
1 Plant in Service	\$5,105,734	\$0	\$5,105,734
2 Land and Land Rights	1,040,000	0	1,040,000
3 Accumulated Depreciation	(1,647,151)	262,032	(1,385,119)
4 CIAC	(3,331,287)	397,062	(2,934,225)
5 Amortization of CIAC	919,344	(473,757)	445,587
6 Working Capital Allowance	<u>22,813</u>	<u>(263)</u>	<u>22,550</u>
7 <b>Rate Base</b>	<u>\$2,109,453</u>	<u>\$185,074</u>	<u>\$2,294,527</u>

<b>Riverdale Utility Holding, Inc.</b>		<b>Schedule No. 1-B</b>
<b>Adjustments to Rate Base</b>		<b>20240011-WU</b>
<b>80% Design Capacity</b>		
<b>Explanation</b>		<b>Water</b>
<b>Accumulated Depreciation</b>		
To reflect appropriate level of accumulated depreciation.		<u>\$262,032</u> =
<b>CIAC</b>		
To reflect appropriate level of CIAC.		<u>(\$397,062)</u>
<b>Accumulated Amortization of CIAC</b>		
To reflect appropriate level of accumulated amortization of CIAC.		<u>(\$473,757)</u>
<b>Working Capital</b>		
To reflect appropriate level of working capital.		<u>(\$263)</u>

<b>Riverdale Utility Holding, Inc.</b>							<b>Schedule No. 2</b>	
<b>Capital Structure-13-Month Average</b>							<b>20240011-WU</b>	
<b>80% Design Capacity</b>								
<b>Description</b>	<b>Total Capital</b>	<b>Specific Adjustments</b>	<b>Subtotal Adjusted Capital</b>	<b>Pro rata Adjustments</b>	<b>Capital Reconciled to Rate Base</b>	<b>Ratio</b>	<b>Cost Rate</b>	<b>Weighted Cost</b>
1 Long-term Debt	\$1,000,000	\$0	\$1,000,000	\$87,735	\$1,087,735	47.41%	7.00%	3.32%
2 Short-term Debt	0	0	0	0	0	0.00%	0.00%	0.00%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	1,093,354	0	1,093,354	95,926	1,189,280	51.83%	10.23%	5.30%
5 Customer Deposits	16,100	0	16,100	1,413	17,513	0.76%	2.00%	0.02%
6 Tax Credits-Zero Cost	0	0	0	0	0	0.00%	0.00%	0.00%
7 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
8 <b>Total Capital</b>	<u>\$2,109,454</u>	<u>\$0</u>	<u>\$2,109,454</u>	<u>\$185,073</u>	<u>\$2,294,527</u>	<u>100.00%</u>	-	<u>8.64%</u>
						<b><u>LOW</u></b>	<b><u>HIGH</u></b>	
RETURN ON EQUITY						<u>9.23%</u>	<u>11.23%</u>	
OVERALL RATE OF RETURN						<u>8.12%</u>	<u>9.15%</u>	

<b>Riverdale Utility Holding, Inc.</b>				<b>Schedule No. 3-A</b>	
<b>Statement of Water Operations</b>				<b>20240011-WU</b>	
<b>80% of Design Capacity</b>					
<b>Description</b>	<b>Proposed Per Utility</b>	<b>Staff Adjustments</b>	<b>Staff Adjusted</b>	<b>Revenue Increase</b>	<b>Revenue Requirement</b>
1 <b>Operating Revenues:</b>	<u>\$392,780</u>	<u>\$0</u>	<u>\$392,780</u>	<u>\$76,022</u>	<u>\$468,802</u> -
<b>Operating Expenses</b>					
2    Operation & Maintenance	\$182,503	(\$2,100)	\$180,403		\$180,403
3    Depreciation	(8,061)	54,922	46,861		46,861
4    Amortization	494	0	494		494
5    Taxes Other Than Income	39,806	(353)	39,453	3,421	42,874
6 <b>Total Operating Expense</b>	<u>214,742</u>	<u>52,470</u>	<u>267,212</u>	<u>3,421</u>	<u>270,633</u> -
7 <b>Operating Income</b>	<u>\$178,038</u>	<u>(\$52,470)</u>	<u>\$125,568</u>	<u>\$72,601</u>	<u>\$198,170</u> -
8 <b>Rate Base</b>	<u>\$2,109,453</u>		<u>\$2,294,527</u>		<u>\$2,294,527</u> -
9 <b>Rate of Return</b>	<u>8.44%</u>		<u>5.47%</u>		<u>8.64%</u> -

<b>Riverdale Utility Holding, Inc.</b>		<b>Schedule No. 3-B</b>
<b>Adjustments to Operating Income</b>		<b>20240011-WU</b>
<b>80% Design Capacity</b>		
<b>Explanation</b>	<b>Water</b>	
<b>Operation and Maintenance Expense</b>		
To reflect the correct amount of contractual services expense.	<u>(\$2,100)</u>	
<b>Depreciation Expense - Net</b>		
To reflect correct depreciation rates and amortization of CIAC rates.	<u>\$54,922</u>	
<b>Taxes Other Than Income</b>		
To reflect the recommended net plant.	<u>(\$353)</u>	

<b>RIVERDALE UTILITY HOLDING, INC.</b>	<b>SCHEDULE NO. 4</b>	
<b>MONTHLY WATER RATES</b>	<b>DOCKET NO. 20240011-WU</b>	
	<b>UTILITY REQUESTED RATES</b>	<b>STAFF RECOMMENDED RATES</b>
<b><u>Residential Service and General Service</u></b>		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$54.77	\$65.29
3/4"	\$82.16	\$97.94
1"	\$136.93	\$163.23
1-1/2" Turbine	\$273.85	\$326.45
2" Turbine	\$438.16	\$522.32
3" Turbine	\$958.48	\$1,142.58
Charge per 1,000 gallons - Residential Service		
0- 7,000 gallons	\$10.38	\$12.43
Over 7,000 gallons	\$12.98	\$15.54
Charge per 1,000 gallons - General Service		
	\$10.80	\$12.93
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>		
3,000 Gallons	\$85.91	\$102.58
6,000 Gallons	\$117.05	\$139.87
9,000 Gallons	\$153.39	\$183.38