

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: October 15, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Brady, Kaproth, Simpson)
Office of the General Counsel (Bennett)

pb KK [unclear] [unclear] [unclear] [unclear]

RE: Docket No. 090185-WU – Application for grandfather certificate to operate water utility in St. Johns County by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility.
County: St. Johns

AGENDA: 10/27/09 – Regular Agenda – Proposed Agency Action for Issue 3 -- Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090185.RCM.DOC

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Case Background

On December 2, 2008, the Board of County Commissioners of St. Johns County passed Ordinance No. 2008-57, declaring the privately-owned water and wastewater utilities in St. Johns County to be subject to the provisions of Chapter 367, Florida Statutes (F.S.) The Ordinance was filed with the Commission on January 16, 2009, making that the effective date of the transfer of jurisdiction. The Commission acknowledged the Ordinance by order dated

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February 12, 2009.¹ Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility.

On April 13, 2009, Camachee Island Company, Inc. (CIC) d/b/a Camachee Cove Yacht Harbor Utility (Camachee Cove or utility), filed an application for a certificate under grandfather rights to provide water service in St. Johns County pursuant to Section 367.171, F.S. The application was completed on September 8, 2009.

Camachee Cove has been in existence since 1981 and is at build out with approximately 60 residential and 23 general service water customers. Wastewater is provided by the City of St. Augustine. Camachee Cove is located in the St. Johns River Water Management District. This recommendation addresses the application for a grandfather water certificate, service rates, miscellaneous service charges, and late payment charge. The Commission has jurisdiction pursuant to Sections 367.171 and 367.091, F.S.

¹ Order No. PSC-09-0092-FOF-WS, issued February 12, 2009, In Re: Ordinance by Board of County Commissioners of St. Johns County relating to regulation of water and wastewater utilities within the unincorporated areas of St. Johns County.

Discussion of Issues

Issue 1: Should the application for a grandfather water certificate in St. Johns County by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility be acknowledged?

Recommendation: Yes. Camachee Cove's application should be acknowledged and the utility should be issued Certificate No. 647-W, effective January 16, 2009, to serve the territory described in Attachment A. The resultant order should serve as Camachee Cove's water certificate and it should be retained by the utility. Camachee Cove should be required to file an annual report and pay regulatory assessment fees by March 31, 2010, for the period of jurisdiction from January 16, 2009, through December 31, 2009. (Brady, Simpson, Kaproth, Bennett)

Staff Analysis: As discussed in the case background, the Board of County Commissioners of St. Johns County transferred jurisdiction of privately-owned water and wastewater utilities in the county to the Commission effective January 16, 2009. On April 13, 2009, an application was filed on behalf of Camachee Cove to provide water service under the grandfather rights of Section 367.171(2)(b), F.S. The application, as completed on September 8, 2009, is in compliance with the governing statute and other pertinent statutes and administrative rules concerning an application for grandfather certificates. Noticing is not required for grandfather applications.

The application contains a warranty deed as proof of ownership of the land on which the water facilities are located, an accurate territory description, and adequate service territory and system maps. A description of the territory is appended to this memorandum as Attachment A.

The utility has been in existence since 1981. Water facilities include reverse osmosis treatment of the water from two wells which are rated at 90 gallons per minute (gpm) and 495 gpm. Raw water is treated with aeration and liquid chlorine and then pumped into the water distribution system from a ground storage tank. The utility is currently in compliance with the Department of Environmental Protection with regard to environmental regulation.

Staff has advised the utility president that he is required to file an annual report and remit regulatory assessment fees (RAFs) by March 31, 2010, for the period of jurisdiction from January 16, 2009, through December 31, 2009. In addition, staff explained to the utility president the need to keep the utility books and records separate from CIC's other non-utility businesses and to maintain the utility accounts according to the National Association of Regulatory Commissioners' Uniform System of Accounts.

Based on the above information, staff recommends that Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility's application should be acknowledged and the utility should be issued Certificate No. 647-W, effective January 16, 2009, to serve the territory described in Attachment A. The resultant order should serve as Camachee Cove's water certificate and it should be retained by the utility. The utility should be required to file an annual report and remit RAFs by March 31, 2010, for the period of jurisdiction from January 16, 2009, through December 31, 2009.

Issue 2: What service rates should be approved for Camachee Cove Yacht Harbor Utility?

Recommendation: The utility's service rates that were in effect when St. Johns County transferred jurisdiction to the Commission, as shown on Attachment B, should be approved effective January 16, 2009, pursuant to grandfather rights in Section 367.171, F.S. Camachee Cove should be required to charge the approved rates, including the pass-through rate increase also shown on Attachment B, until authorized to change by this Commission in a subsequent proceeding.

Staff Analysis: According to the application, the service rates shown on Attachment B were the service rates approved by St. Johns County at the time jurisdiction was transferred to the Commission. On May 22, 2009, the utility applied for a 2009 pass-through rate adjustment to address the inclusion of the Commission's RAFs, as authorized by Order No. PSC-09-0092-FOF-WS. The 2009 pass-through adjustment, shown on Attachment B, was approved effective July 1, 2009. Staff recommends that the utility's service rates that were in effect when St. Johns County transferred jurisdiction to the Commission should be approved effective January 16, 2009, pursuant to grandfather rights in Section 367.171, F.S. Camachee Cove should be required to charge the approved rates, including the 2009 pass-through rate increase, until authorized to change by this Commission in a subsequent

Issue 3: Should the utility's requested miscellaneous service charges and late payment charge be approved?

Recommendation: Yes. The utility's requested miscellaneous service charges and late payment charge, shown on Attachment B, are reasonable and should be approved. Within five working days of the issuance of the order, staff recommends that the utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the utility may choose to either mail the notice separately to customers or insert it with the next billing cycle. Within five days after the notice is given, the utility should be required to file an affidavit affirming that the notice has been given to customers of the approved charges. The tariff sheet containing the approved miscellaneous service charges and the late payment charge should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, Florida Administrative Code. (Brady)

Staff Analysis: The utility's request for miscellaneous service charges and late payment charge was accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091, F.S. The utility's proposed miscellaneous service charges and late payment charge are shown on Attachment B. Pursuant to Rule 25-30.460, Florida Administrative Code, F.A.C., all water and wastewater utilities may apply for miscellaneous service charges. These charges include initial connections, normal reconnections, violation reconnections, and premises visit charges.

The utility's requested miscellaneous service charges are based on the hourly rate of the maintenance technician and bookkeeper. The utility will only be charging miscellaneous service charges when a specific customer requests the service or is responsible for the service. The utility's justification for the miscellaneous service charges is to place the burden of these charges on the cost-causer rather than the general body of ratepayers. Based on the utility's expenses, the proposed miscellaneous service charges appear to be reasonable.

In addition to the miscellaneous service charges, the utility proposed a \$5.00 late payment charge. The late payment charge includes the cost of processing and mailing the notice of late payment charge. In addition to encouraging timely payment, the justification for a late payment charge is to also place the burden of processing the charge on the cost-causer. The utility's proposed late payment charge appears to be reasonable.

Based on the above, staff recommends that the utility's requested miscellaneous service charges and late payment charge, shown on Attachment B, are reasonable and should be approved. Within five working days of the issuance of the PAA order, staff recommends that the utility be required to provide a proposed customer notice of the approved charges for staff's review and approval. Once staff has approved the proposed customer notice, the utility may choose to either mail the notice separately to customers or insert it with the next billing cycle. Within five days after the notice is given, the utility should be required to file an affidavit affirming that the notice has been given to customers of the approved charges. The tariff sheet containing the approved miscellaneous service charges and the late payment charge should become effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C.

Issue 4: Should this docket be closed?

Recommendation: No. If no protest to the proposed agency action issue is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued. However, the docket should remain open pending staff's verification that the notice of miscellaneous service charges and late payment charge has been given to customers, after which the docket should be administratively closed. (Bennett)

Staff Analysis: If no protest to the proposed agency action issue is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued. However, the docket should remain open pending staff's verification that the notice of miscellaneous service charges and late payment charge has been given to customers, after which the docket should be administratively closed.

CAMACHEE ISLAND COMPANY, INC.
d/b/a
CAMACHEE COVE YACHT HARBOR UTILITY
St. Johns County
Water Service Area

Township 7 South, Range 30 East

Sections 5 and 8

Territory description of portions of Sections 5 and 8, Township 7 South, Range 30 East, St. Johns County, Florida, Being more fully described as follows:

For point of reference, commence at an old red cedar post found by previous surveys and described in deeds as marking the Southwest corner of said Government Lot 3, Section 5, Township 7 South, Range 30 East, also being the Point of Beginning; thence North 21°03'00" West, 686.19'; thence North 60°12'45" East, 6.66'; thence North 31°46'56" West, 669.00'; thence North 24°31'19" West, 1434.26'; thence North 03°52'55" West, 1638.13'; thence North 08°52'55" West, 557.00'; thence North 30°51'32" East, 60.46'; thence North 16°38'00" West, 70.00'; thence North 03°38'00" West, 462.00'; thence South 27°38'00" East, 1452.00'; thence South 02°38'00" East, 1320.00'; thence South 22°08'00" East, 462.00'; thence South 73°38'00" East, 130.00'; thence South 30°56'51" East, 515.05'; thence South 18°00'36" West, 478.81'; thence South 38°34'49" East, 613.35'; thence North 57°27'21" East, 173.28'; thence North 21°12'24" West, 76.64'; thence South 75°55'59" East, 126.55'; thence South 30°55'59" East, 50.00'; thence South 29°04'01" West, 70.00'; thence South 16°39'00" East, 133.08'; thence North 85°12'32" East, 75.94' to the intersection with a curve being concave to the South, having a radius of 50.00' and Delta of 33°33'37"; thence along the chord of said curve, North 86°13'12" East, 28.87'; thence North 07°10'06" West, 228.78'; thence North 63°02'16" East, 157' more or less to the mean highwater line; thence Southeasterly, meandering along the mean highwater line, 1200' more or less; thence South 25°01'07" West, 110.00'; thence South 22°57'00" East, 24.24'; thence South 67°03'00" West, 115.75'; thence South 00°31'00" East, 718.29' to the intersection with a curve being concave to the Southeast having a radius of 2392.00' and Delta of 02°42'18", said curve also being the Northerly right-of-way line of State Road A-1-A; thence Southwesterly along said curve an arc length distance of 112.93' to the Point of Curvature of said curve; thence South 48°31'00" West, along said Northerly right-of-way line, 381.63'; thence North 21°03'00" West, 1022.21' to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Camachee Cove Yacht Harbor, Inc.
pursuant to
Certificate Number 647-W

to provide water service in St. Johns 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>
*	*	090185-WS	Grandfather Certificate

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

CAMACHEE ISLAND COMPANY, INC.
d/b/a
CAMACHEE COVE YACHT HARBOR UTILITY

Monthly Water Service Rates

	<u>Effective</u> <u>January 16, 2009</u>	<u>Effective</u> <u>July 1, 2009</u>
First 3,000 gallons	\$15.41	\$16.10
All over 3,000 gallons (per 1,000 gallons)	\$ 3.98	\$ 4.16

Miscellaneous Service Charges
and Late Payment Charge

Initial Connection	\$25.00
Normal Reconnection	\$30.00
Violation Reconnection	\$30.00
Premise Visit (In Lieu Of Disconnection)	\$15.00
Late Payment Charge	\$ 5.00