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 September 15, 2015

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Item 1

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Telecommunications (C. Williams, C. Beard) *[Handwritten initials]*
Office of the General Counsel (S. Hopkins) *[Handwritten initials]*

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 9/15/2015 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Applications for Certificate of Authority to Provide Telecommunications Service on the consent agenda for approval.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
150119-TX	Pro-Net, Inc.	8878
150161-TX	Kuhl Group Inc.	8875

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes. The Certificates of Authority authorize Pro-Net, Inc. and Kuhl Group Inc. to provide Telecommunications Services in the State of Florida as a Telecommunications Company as defined by Section 364.02(13), Florida Statutes. Pursuant to Section 364.336, Florida Statutes, certificate holders must pay a minimum annual Regulatory Assessment Fee if the certificate is active during any portion of the calendar year. A Regulatory Assessment Fee Return Notice will be mailed each December to the entity listed above for payment by January 30.

Item 2

FILED SEP 03, 2015
DOCUMENT NO. 05534-15
FPSC - COMMISSION CLERK

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Office of the General Counsel (Corbari, Ames) *HC*
 Division of Accounting and Finance (Bulecza-Banks, Fletcher, Polk) *BS*
 Division of Administrative and IT Services (Belcher) *KB*
 Division of Economics (Earnhart) *JE*

RE: Docket No. 150022-WU – Initiation of show cause proceedings against Wildwood Water Company in St. Johns County for violations of Sections 350.113, 367.121, 367.145 and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C.

AGENDA: 09/15/15 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

15 SEP -3 AM 11:59
 RECEIVED-FPSC
 15 SEP -3 AM 11:59
 RECEIVED-FPSC

Case Background

On January 6, 2015, staff opened the instant docket to initiate a show cause proceeding against Wildwood Water Company (Wildwood) for apparent violations of Florida Statutes and Commission rules and regulations in failing to submit, or timely submit, its Annual Reports for the years 2009, 2010, 2011, 2012, and 2013, as well as failing to remit payment of its annual Regulatory Assessment Fees (RAFs) for the years 2009, 2010, 2011, 2012, 2013, and 2014.

Wildwood is a Class C water utility providing service to approximately 397 residential and commercial customers in St. Johns County. Wildwood is located in the St. John's River Water Management District, but outside the water resource caution area. The following information provides a historical overview of the Commission's activities related to Wildwood.

Wildwood has been in existence since 1979. Between 1985 and 1989, Wildwood was regulated by the Commission until the Board of County Commissioners of St. Johns County adopted Resolution Number 89-214, rescinding the Commission's jurisdiction over private water and wastewater utilities in St. Johns County. On December 20, 1989, the Commission acknowledged the St. Johns County Resolution.¹ In December 2008, the Board of County Commissioners of St. Johns County passed Ordinance No. 2008-57, which transferred jurisdiction over privately-owned water and wastewater utilities in St. Johns County to the Commission, effective January 16, 2009. The Commission acknowledged the St. Johns County Ordinance on February 12, 2009.²

Pursuant to Section 367.171(2)(b), Florida Statutes (F.S.), each utility engaged in the operation or construction of a system is entitled to receive a grandfather certificate for the area served by the utility on the day the Chapter becomes applicable to it. In 2010, Wildwood filed an application with the Commission requesting a grandfather certificate of authority to provide water service in St. Johns County. The Commission granted Wildwood Water Certificate No. 648-W, effective January 16, 2009, pursuant to Order No, PSC-10-0367-PAA-WU.³

Since coming back under the Commission's jurisdiction in 2009, Wildwood has failed to remit payment of its RAFs and, with the exception of 2014, has failed to timely file its Annual Reports. Prior to the issuance of the Order granting Wildwood's certificate, Wildwood was advised that its 2009 Annual Report and RAFs were due by March 31, 2010.⁴ Wildwood requested and was granted an extension of time, until April 30, 2010, to file its 2009 Annual Report and RAFs,⁵ which it failed to do. The Commission noted in Order No. PSC-10-0367-PAA-WU, that Wildwood's Annual Report and RAFs for the period it became subject to the Commission's jurisdiction (January 16 - December 21, 2009) remained delinquent and that Wildwood was subject to associated penalties and interest for failing to timely file its RAFs and Annual Report.⁶

¹ Order No. 22330, issued December 20, 1989, in Docket No. 891162-WS, In re: Request for acknowledgement of resolution rescinding Florida Public Service Commission jurisdiction over private water and sewer utilities in St. Johns County.

² Order No. PSC-09-0092-FOF-WS, issued February 12, 2009, in Docket No. 090029-WS, 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.

³ Order No. PSC-10-0367-PAA-WU, issued June 7, 2010, in Docket No. 100011-WU, In re: Application for grandfather certificate to operate water utility in St. Johns County by Wildwood Water Company.

⁴ Id., at p. 2.

⁵ Id.

⁶ Id.

Four years after the Commission granted Wildwood its certificate, Wildwood still had not remitted payment of its 2009 or subsequent years RAFs, nor had it filed its Annual Reports for 2009, 2010, 2011, 2012, and 2013. In May 2014, Commission staff attempted to contact Wildwood with regard to its delinquent RAFs and Annual Reports. In June 2014, the President and Owner of Wildwood, Mrs. Diane Mills, contacted Commission staff and requested a payment plan for resolving its delinquent RAFs. Staff attempted to work with Mrs. Mills in order to resolve Wildwood's delinquent status and bring Wildwood back into compliance. Mrs. Mills agreed to staff's request that Wildwood submit its Annual Reports and RAF Returns for the years 2009 through 2013, and make an initial payment toward its delinquent RAFs by June 30, 2014. In exchange for Wildwood submitting a RAF payment, its RAF Returns, and Annual Reports, staff would continue to assist Wildwood to further resolve its compliance delinquencies and Wildwood's RAF account would not be sent to collections or an enforcement proceeding.

Despite staff's numerous efforts, Mrs. Mills refused to fully cooperate with staff to resolve Wildwood's RAF and Annual Report delinquencies. Wildwood never made any payment toward its delinquent RAF balance. In May 2014, Mrs. Mills dropped off copies of Wildwood's RAF Returns for the years 2010, 2011, 2012, and 2013 to the Commission in person. The RAF Returns Mrs. Mills provided, however, were not signed by a representative of the Utility and were therefore incomplete. On July 25, 2014, Wildwood submitted its Annual Reports and RAF Returns for the years 2011, 2012, and 2013, along with signed RAF Returns for 2011, 2012, and 2013. Although Mrs. Mills submitted signed RAF Returns along with Wildwood's Annual Reports for 2011, 2012 and 2013, Mrs. Mills refused to submit Wildwood's Annual Reports for 2009 or 2010, a RAF Return for 2009, or a signed RAF Return for 2010. In addition, Staff attempted to complete a formal audit of the Utility, however, Mrs. Mills refused to provide any of Wildwood's billing records to Commission staff.

The Commission notified Wildwood of its non-compliance status numerous times, with no response.⁷ In certified letters, dated October 23, 2014 and November 21, 2014, the Commission's Office of the General Counsel notified Wildwood of its apparent violations of Sections 350.113, 367.145 and 367.161, F.S., and Rules 25-30.120 and 25-30.110, Florida Administrative Code

⁷ Document No. 00118-15, in Docket No. 150022-WU, Commission Correspondence to Wildwood Water Company regarding apparent violations of Sections 350.113, 367.145, and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C., attached to Staff's Request to Establish Docket Initiation of show cause proceedings against Wildwood Water Company dated January 6, 2015:

- Letter from Office of the General Counsel, dated April 20, 2011, re: notification of failure to submit 2010 RAFs and demand for payment within 15 days.
- Letter from Office of the General Counsel, dated April 23, 2012, re: notification of failure to submit 2011 RAFs and demand for payment within 15 days.
- Letter from Office of the General Counsel, dated April 22, 2013, re: notification of failure to submit 2012 RAFs and demand for payment within 15 days.
- Letter from the Office of General Counsel, dated April 21, 2014, re: notification of failure to submit 2013 RAFs and demand for payment within 15 days.
- Letter dated October 23, 2014, re: apparent violations of sections 350.113, 367.145, and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C., and possible initiation of show cause proceedings.
- Letter dated November 21, 2014, re: re: apparent violations of sections 350.113, 367.145, and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C., and possible initiation of show cause proceedings.

(F.A.C.), and demanded Wildwood submit its delinquent RAFs and Annual Reports.⁸ Both notices advised Wildwood that, should it fail to remit payment of its 2009-2013 RAFs, plus penalties and interest, to remit payment of penalties for its late and unfiled Annual Reports, and/or to file its Annual Reports for 2009 and 2010, Commission staff would open a docket to initiate a show cause proceeding. In addition, the notices advised Wildwood that, should it be found to have violated Commission rules, it could be subject to additional penalties of up to \$5,000 per day, pursuant to Section 367.161, F.S.⁹ Wildwood did not respond to any of staff's notices, nor did it remit any RAF payments, file its outstanding annual reports, or attempt to contact Commission staff.

After receiving no response from Wildwood, the Commission's Office of General Counsel established the instant docket and notified Wildwood that a show cause proceeding had been opened for its apparent violations of Commission rules and statutes.¹⁰ The notice of show cause proceeding also advised Wildwood that it was required to submit its 2014 Annual Report and RAFs by March 31, 2015.¹¹

In March 2015, staff counsel was contacted by Mr. Deterding, who informed staff that he had been retained by Mr. Gregory Mills, the son of Mrs. Mills and the Vice-President of Wildwood, to represent Wildwood in this matter. Mr. Deterding advised staff that, until recently, Mr. Mills oversaw the plant operation of the Utility, while his mother, Mrs. Mills, handled the administrative aspects of the Utility's operations. Wildwood Counsel advised staff that Mr. Mills was just beginning to assume the administrative duties from his mother due to Mrs. Mills' deteriorating health and that, until Staff initiated the show cause proceeding, Mr. Mills was unaware of Wildwood's compliance issues with the Commission. Counsel for Wildwood then requested that Wildwood be given an extension of time to file its 2014 RAF Return and Annual Report.

On March 26, 2015, Wildwood was granted an extension, until April 30, 2015, to file its 2014 Annual Report.¹² On March 31, 2015, Wildwood filed its Annual Reports for 2009 and 2010, and its RAF Return for 2014. On April 3, 2015, Wildwood filed its RAF Returns for 2009 and 2010. On April 30, 2015, Wildwood requested an additional extension of time, until May 31, 2015, to file its 2014 Annual Report, which was granted. On May 29, 2015, Wildwood filed its 2014 Annual Report, along with a revised RAF Return for 2014.

⁸ Document No. 05990-14, in Docket No. 140000, Staff's demand for payment of past due RAFs and Annual Reports, dated October 23, 2014; and Document No. 06425-14, in Docket No. 140000, Staff's demand for payment of past due RAFs and Annual Reports, dated November 21, 2014.

⁹ Id.

¹⁰ See Document 00158-15, in Docket No. 150022-WU, Letter notifying utility of establishment of a docket to initiate show cause proceeding, dated January 8, 2015; and Document No. 00597-15, in Docket No. 150022-WU, Certified Return Receipt signed by Gerald Mills on January 26, 2015, evidencing receipt by Wildwood of staff's certified letter of January 8, 2015.

¹¹ Id.

¹² Wildwood did not file an extension of time to file its 2014 RAF Return because the deadline for requesting an extension had passed. Rule 25-30.120(6)(a), F.A.C., provides that requests for extensions must be received "at least 2 weeks before the due date."

Settlement Discussions

On May 7, 2015, staff participated in an informal meeting with Wildwood to discuss a possible settlement. Although a settlement was not reached on that date, the parties agreed to continue settlement discussions, during which staff and Wildwood counsel exchanged drafts of a proposed settlement agreement. On August 18, 2015, Wildwood filed a letter requesting the Commission approve its proposed Settlement Agreement, which is attached hereto as Attachment "A."

As of September 15, 2015, the amounts owed by Wildwood for delinquent RAFs, plus statutory penalties and interest, are as follows:

WILDWOOD OUTSTANDING RAF AMOUNTS						
YEAR	REVENUES	RAFS (4.5%)	PENALTY (25%)	INTEREST (1%) (AS OF 09/15/15)	PAYMENTS	TOTALS DUE (AS OF 09/15/15)
2014	\$177,341.00	\$7,980.34	\$1,995.09	\$478.92	\$0.00	\$10,454.35
2013	\$172,676.00	\$7,770.42	\$1,942.61	\$1,398.68	\$0.00	\$11,111.71
2012	\$161,630.00	\$7,273.35	\$1,818.34	\$2,182.01	\$0.00	\$11,273.70
2011	\$162,446.00	\$7,310.07	\$1,827.52	\$3,143.33	\$0.00	\$12,280.92
2010	\$147,232.00	\$6,625.44	\$1,656.36	\$3,643.99	\$0.00	\$11,925.79
2009	\$161,931.00	\$7,286.90	\$1,821.73	\$4,882.22	\$0.00	\$13,990.85
TOTALS	\$983,256.00	\$44,246.52	\$11,061.65	\$15,729.15	\$0.00	\$71,037.32

As of September 15, 2015, the penalty amounts owed by Wildwood for delinquent Annual Reports, are as follows:

WILDWOOD ANNUAL REPORT PENALTY AMOUNTS					
YEAR	DATE DUE	DATE FILED	DAYS LATE (AS OF 09/15/15)	PENALTY (\$3 PER DAY)	TOTAL PENALTY (AS OF 09/15/15)
2014	05/31/2015	05/29/15	0	\$0.00	\$0.00
2013	03/31/2014	07/25/2014	116	\$348.00	\$348.00
2012	03/31/2013	07/25/2014	481	\$1,443.00	\$1,443.00
2011	03/31/2012	07/25/2014	846	\$2,538.00	\$2,538.00
2010	04/30/2011	03/31/2015	1,431	\$4,293.00	\$4,293.00
2009	06/01/2010	03/31/2015	1,764	\$5,292.00	\$5,292.00
TOTALS	————	————	4,638	\$13,914.00	\$13,914.00

The Commission has jurisdiction pursuant to Sections 120.57, 350.113, 367.121, 367.145, 367.161, F.S., and Rules 25-30.110 and 25-30.120, F.A.C.

Discussion of Issues

Issue 1: Should the Commission accept the Settlement Agreement proposed by Wildwood Water Company, to resolve the apparent violations of Sections 350.113, 367.121, 367.145 and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C.?

Recommendation: Yes. The Commission should accept the Settlement Agreement proposed by Wildwood Water Company, to resolve the apparent violations of Sections 350.113, 367.121, 367.145 and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C., and to pay its delinquent Regulatory Assessment Fees, plus statutory penalties and interest, for the years 2009, 2010, 2011, 2012, 2013, and 2014, as well as pay a \$2,500 penalty for its delinquent Annual Reports for the years 2009, 2010, 2011, 2012, and 2013. The Settlement Agreement provides a reasonable resolution of the outstanding issues in the docket, appears to be in the public interest, and promotes administrative efficiency. (Corbari, Ames, Earnhart)

Staff Analysis:

On August 18, 2015, Wildwood filed a letter with a proposed Settlement Agreement, in an effort to fully resolve its apparent violations of Sections 350.113, 367.121, 367.145 and 367.161, F.S., and Rules 25-30.120 and 25-30.110, F.A.C. A copy of the Settlement Agreement is attached hereto as Attachment "A."

The goal of any show cause proceeding is to ensure compliance with Florida law and the Commission's rules and orders. Staff believes the Settlement Agreement accomplishes this goal, as well as provides a remedy for apparent past violations, and, therefore, recommends that the Commission approve the proposed Settlement Agreement, in full, as attached hereto. Highlights of specific provisions of the settlement offer are as follows:

- Wildwood acknowledges its obligation, pursuant to Sections 367.145 and 350.113, F.S., and Rule 25-30.120, F.A.C., to remit payment of its RAFs, plus statutory penalties and interest, for the years 2009, 2010, 2011, 2012, 2013, and 2014.
- Wildwood acknowledges its obligation, pursuant to Section 367.121, F.S., and Rule 25-30.110, F.A.C., to remit payment for penalties associated with the delinquent filing of its Annual Reports for the years 2009, 2010, 2011, 2012, and 2013.
- Beginning in October 2015, Wildwood will begin making monthly payments, by the twentieth of each month, in the amount of \$1,000, in an effort to pay off the balance of its 2011, 2012, 2013 and 2014 RAFs, as well as penalties and interest for 2009, 2010, 2011, 2012, 2013, and 2014.
- Beginning in October 2015, Wildwood will begin making monthly payments, by the twentieth of each month, in the amount of \$250, in an effort to pay off the \$2,500 penalty for the delinquent filing of its Annual Reports for the years 2009, 2010, 2011, 2012, and 2013.

- Wildwood will submit payment of its 2015 and future RAFs to the Commission, timely and in full.
- Wildwood will submit its 2015 and all future Annual Reports to the Commission in a timely manner.
- Wildwood agrees to waive its right to an administrative formal hearing pursuant to Sections 120.569 and 120.57, F.S.
- In consideration of Wildwood's complete and timely performance of all the obligations agreed to in this Settlement Agreement, the Commission conditionally agrees to:
 - reduce the amount of the penalties owed by Wildwood for failing to timely remit its Annual Reports for the years 2009, 2010, 2011, 2012, and 2013 to \$2,500 (\$500 per year), as set out in Exhibit B of the Settlement Agreement attached hereto; and
 - waive its right to seek civil remedies against Wildwood for failing to remit payment of its RAFs, penalties and interest, and failing to timely file its Annual Reports provided that Wildwood complies with all of the terms of this Settlement Agreement and any final Commission order approving the agreement.
- Wildwood will notify the Commission prior to any sale, conveyance, or abandonment of the utility or the property it is located upon, and/or the initiation of any bankruptcy proceedings involving the utility or its property. In addition, Wildwood will provide a copy of the Settlement Agreement and Commission order approving the agreement to any purchaser, operator, or person assuming control of Wildwood and/or any court presiding over any abandonment or bankruptcy proceeding involving Wildwood.
- The agreement does not prevent a Party from filing suit to specifically enforce any of the terms of the agreement; and the Commission reserves the right to initiate appropriate legal action to address any violations of Commission rules or statutes that are not specifically related to the agreement.
- Should Wildwood fail to comply with any of the terms of the proposed Settlement Agreement, such failure would be considered a breach of the agreement and automatically accelerate the balance of any unpaid RAFs, penalties and interest, which would then become immediately due, and void the Annual Report penalty reduction, reinstating the original penalty amount of \$13,914, the unpaid balance of which will become immediately due. In addition, the Commission would seek to enforce the terms of the Settlement Agreement and pursue all reasonable means necessary to collect the amounts owed, including, but not limited to, initiating an action in circuit court and placing a lien on the real and personal property of Wildwood.

Staff believes that, taken in its entirety, the Settlement Agreement provides a reasonable resolution of the outstanding issues in Docket No. 150022-WU. Staff further believes that the Commission's approval of the Settlement Agreement would be in the public interest, as it provides for future compliance with Florida Statutes and Commission Rules. Finally, staff believes that Commission approval of the Settlement Agreement will promote administrative efficiency and will avoid the time and expense of a hearing. Therefore, Staff recommends the Commission approve the proposed Settlement Agreement submitted by Wildwood.

Issue 2: Should this Docket be closed?

Recommendation: No. If Issue 1 is approved, the Settlement Agreement would resolve all matters in Docket No. 150022-WU, in accordance with Section 120.57(4), F.S. Staff recommends the docket remain open to process the settlement payments and to monitor ongoing compliance with the terms of this Settlement Agreement. Once all the terms of the Settlement Agreement and all outstanding amounts owed have been satisfied, the docket may be administratively closed. Should Wildwood fail to comply with any of the terms of the proposed Settlement Agreement, staff requests the Commission authorize the Office of the General Counsel to pursue all reasonable means necessary to enforce the terms of the Settlement Agreement, including any Commission Order approving same, and to collect the amounts owed by Wildwood, pursuant to Sections 120.69 and 367.121(1)(g) and (j), F.S., including, but not limited to, initiating an action in circuit court and seeking the placement of a lien on the real and personal property of Wildwood. (Corbari, Ames)

Staff Analysis: If Issue 1 is approved, the Settlement Agreement would resolve all matters in Docket No. 150022-WU, in accordance with Section 120.57(4), F.S. Staff recommends the docket remain open to process the settlement payments and to monitor ongoing compliance with the terms of this Settlement Agreement. Once all the terms of the Settlement Agreement and all outstanding amounts owed have been satisfied, the docket may be administratively closed.

Should Wildwood fail to comply with any of the terms of the proposed Settlement Agreement, staff requests the Commission authorize the Office of the General Counsel to pursue all reasonable means necessary to enforce the terms of the Settlement Agreement, including any Commission Order approving same, and to collect the amounts owed by Wildwood, pursuant to Sections 120.69 and 367.121(1)(g) and (j), F.S., including, but not limited to, initiating an action in circuit court and seeking the placement of a lien on the real and personal property of Wildwood.



FILED AUG 18, 2015
DOCUMENT NO. 05154-15
FPSC - COMMISSION CLERK

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August 18, 2015

VIA EMAIL

Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Wildwood Water Company, Inc.
Docket No. 150022-WU; Initiation of Show Cause Proceeding Against Wildwood
Water Company in St. Johns County for Violations of Sections 350.113, 367.121,
367.145, and 367.161, Florida Statutes, and Rules 25-30.120 and 25-30.110,
Florida Administrative Code

Dear Ms. Stauffer,

I am attaching hereto an offer of settlement presented by me on behalf of
Wildwood Water Company for settlement of the issues outlined in the above-referenced
docket. We have worked with the staff in order to reach this settlement and are hopeful
that with the fully executed Settlement Agreement this matter can come to an
expeditious close.

If you have any questions or need any further information from me, please do not
hesitate to contact me.

Sincerely,

F. Marshall Deterding
Of Counsel

FMD/brf
Enclosure

cc: Mr. G. Gregory Mills, Vice President
Kelley Corbari, Esquire (Office of General Counsel)
Leslie Ames, Esquire (Office of General Counsel)
Cheryl Bulecza-Banks (Division of Accounting & Finance)
James Polk (Division of Accounting & Finance)
Stephen Fletcher (Division of Accounting & Finance)
Karen Belcher (Administration)
Toni Earnhart (Division of Economics)
Lynn Deamer (Office of Auditing & Performance Analysis)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against Wildwood Water Company in St. Johns County for violations of Sections 350.113, 367.121, 367.145 and 367.161, Florida Statutes, and Rules 25-30.120 and 25-30.110, Florida Administrative Code

DOCKET NO. 150022-WU

SETTLEMENT AGREEMENT

Pursuant to Section 120.57(4), Florida Statutes (F.S.), Wildwood Water Company (Wildwood) hereby files this Settlement Agreement to effect an informal disposition and binding resolution of any and all matters and issues that were, or might have been, addressed by the Florida Public Service Commission (Commission) in Docket No. 150022-WU. This Settlement Agreement is intended to avoid the time, expense and uncertainty associated with adversarial litigation. The terms of this Settlement Agreement are as follows:

1. Wildwood acknowledges its obligation, pursuant to Sections 367.145 and 350.113, F.S., and Rule 25-30.120, Florida Administrative Code (F.A.C.), to remit payment of its Regulatory Assessment Fees (RAFs), plus statutory penalties and interest, for the years 2009, 2010, 2011, 2012, 2013, and 2014, as set out in Exhibit A attached hereto.
2. Wildwood acknowledges its obligation, pursuant to Section 367.121, F.S., and Rule 25-30.110, F.A.C., to remit payment for penalties associated with its delinquent Annual Reports for the years 2009, 2010, 2011, 2012, and 2013, as set out in Exhibit B attached hereto.
3. In consideration of Wildwood's complete and timely performance of all the obligations agreed to in this Settlement Agreement, the Commission conditionally agrees to:
 - a. reduce the amount of the penalties owed by Wildwood for failing to timely remit its Annual Reports for the years 2009, 2010, 2011, 2012, and 2013 to \$2,500.00 (\$500.00 per year), as set out in Exhibit B attached hereto; and

Docket No. 150022-WU

Wildwood Settlement Agreement

- b. waive its right to seek civil remedies against Wildwood for:
 - (i) failing to remit payment of RAFs, penalties and interest for the years 2009, 2010, 2011, 2012, 2013, and 2014, pursuant to Sections 367.145 and 350.113, F.S., and Rule 25-30.120, F.A.C.; and
 - (ii) failing to timely file Annual Reports and to remit penalties related thereto for the years 2009, 2010, 2011, 2012, and 2013, pursuant to Section 367.121, F.S., and Rule 25-30.110, F.A.C.

The penalty reduction and/or civil action waiver is conditioned upon Wildwood's complete compliance with all of the terms of this Settlement Agreement and any final Commission order approving this agreement.

- 4. In lieu of the Commission pursuing all reasonable means necessary to collect the amounts owed by Wildwood, including, but not limited to, initiating an action in circuit court, Wildwood will perform the following:
 - a. Submit payment to the Commission in the amount of **\$13,912.34**, by **September 20, 2015**, satisfying the principal balance of the RAFs owed by Wildwood for the years 2009 and 2010;
 - b. Submit a monthly payment of **\$1,000.00** for outstanding RAFs, penalties and interest, to the Commission, by the **20TH** of every month, beginning on **October 15, 2015**, and continuing until the balance of any outstanding RAFs, penalties and interest has been satisfied;
 - c. Submit a monthly payment of \$250.00 to the Commission for delinquent Annual Report penalties, by the **20TH** of every month, beginning on **October 15, 2015**, and continuing until the total Annual Report penalty of \$2,500.00 has been satisfied;
 - d. Submit payment of its 2015 and all future RAFs to the Commission, timely and in full; and
 - e. Submit its 2015 and all future Annual Reports to the Commission in a timely manner.

Docket No. 150022-WU

Wildwood Settlement Agreement

5. The Commission shall apply all payments made by Wildwood under this Settlement Agreement in the following manner:
 - a. To the principal balance of any unpaid year's RAFs, beginning with the oldest year to the most recent year, until the principal balance of any year's unpaid RAFs has been satisfied; and
 - b. To the penalty and interest balance assessed to each year of delinquent RAFs, beginning with the oldest year to the most recent year, until the penalty and interest balance of each year's delinquent RAFs has been satisfied.
6. Failure by Wildwood (i) to submit its initial payment of \$13,912.34 payment by September 20, 2015; (ii) to timely submit two (2) consecutive \$1,000.00 RAF installment payments outlined above; (iii) to timely submit two (2) consecutive \$250.00 Annual Report installment payments outlined above; or (iv) to abide by any of the other terms contained herein, shall be considered a breach of this Settlement Agreement.
7. Failure to perform any of the terms contained in this Settlement Agreement or a breach of this Settlement Agreement, shall automatically (i) accelerate the balance of any unpaid RAFs, penalties and interest, which will then become immediately due; and (ii) void the Annual Report penalty reduction, reinstating the original penalty amount of \$13,914.00, the unpaid balance of which will be immediately due.
8. Additional Payment Terms:
 - a. All payments shall be made payable to the "Florida Public Service Commission," include **Docket No. 150022-WU** on the memo line, and be sent to "Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850, ATTENTION: Fiscal Services;"
 - b. Payment is considered "timely" if properly addressed, mailed with sufficient postage and postmarked no later than the due date;
 - c. Payment is considered "paid" on the date it is received and logged in by the Commission's Division of Administrative and Information Technology Services in Tallahassee, Florida, or on the date the payment is postmarked by the United States Postal Service;

Docket No. 150022-WU

Wildwood Settlement Agreement

- d. Payment that is returned by a financial institution for insufficient funds, or any other reason, is a failure to submit timely payment. Pursuant to Section 215.34(2), a service fee of \$15.00 or five percent (5%) of the amount of the payment returned, whichever is greater, shall be assessed to any payment returned by a financial institution for insufficient funds, or for any other reason. Two (2) returned payments shall be considered a breach of this Settlement Agreement, automatically accelerating the balance of any unpaid RAFs, penalties and interest, which will then become immediately due; and
 - e. There shall be no prepayment penalty for early payment of any of the amounts agreed upon herein.
8. In the event Wildwood, including the property upon which Wildwood is located, becomes the subject of a sale, conveyance, abandonment, or bankruptcy and all of the terms of this Settlement Agreement have not been fully satisfied, Wildwood shall:
 - a. Notify the Commission at least sixty (60) days prior to the sale, conveyance, abandonment or initiating bankruptcy proceedings;
 - b. Provide the Commission with the name and address of the purchaser, operator, or person assuming control of Wildwood;
 - c. Provide a copy of this Settlement Agreement and final Commission order approving the Settlement Agreement, as well as any attachments to same, to any purchaser, operator, or person assuming control of Wildwood; and
 - d. Provide a copy of this Settlement Agreement and final Commission order approving the Settlement Agreement, as well as any attachments to same, to the court presiding over any abandonment or bankruptcy proceeding involving Wildwood.
9. The submission of this Settlement Agreement by Wildwood is in the nature of an offer to settle. This Settlement Agreement is contingent on the Commission accepting the entire Settlement Agreement. Consequently, if this Settlement Agreement is not accepted and approved without modification, then the settlement proposal is rejected and the Settlement Agreement shall be considered null and void and of no further force or effect.
10. This Settlement Agreement will take effect the day it is approved by the Commission. In addition, Wildwood understands that the Commission's decision will be reflected in a final order.

Docket No. 150022-WU

Wildwood Settlement Agreement

11. Neither Party to this Settlement Agreement will request, support, or seek to impose a change in the application of any provision of this Settlement Agreement. Provided the Commission approves the Settlement Agreement, Wildwood waives its right to request further administrative or judicial proceedings concerning any of the matters, which were, or might have been, addressed by the Commission in resolving Docket No. 150022-WU, except proceedings to enforce this Settlement Agreement. This waiver of the right to further administrative or judicial proceedings shall include, but not be limited to (i) a petition for a formal proceeding in the form provided by Rule 28-106.201 or 28-106.2015, F.A.C.; (ii) a motion for reconsideration of the decision in this matter in the form prescribed by Rule 25-22.060, F.A.C.; (iii) or a notice of appeal to initiate judicial review by the Florida First District Court of Appeal pursuant to Fla. R. App. P. 9.110, in the form specified in Fla. R. App. P. 9.900(a).
12. Nothing in this Settlement Agreement shall prevent the Parties from filing an action to specifically enforce any of the terms of this Settlement Agreement. The Commission reserves the right to initiate appropriate legal action to address any violations of rules or statutes administered by the Commission that are not specifically related to or resolved by this Settlement Agreement.
13. In consideration for entering into this agreement, Wildwood acknowledges, agrees, and waives its right to an administrative formal hearing pursuant to Sections 120.569 and 120.57, F.S. Wildwood further acknowledges, agrees, and waives its right to appeal the final order on this matter.
14. This Settlement Agreement resolves all matters in Docket No. 150022-WU in accordance with Section 120.57(4), F.S. Docket No. 150022-WU will continue to remain open until all the terms of this Settlement Agreement have been satisfied by Wildwood.

REDACTED

Docket No. 150022-WU

Wildwood Settlement Agreement

15. This Settlement Agreement constitutes a single, integrated written contract expressing the entire agreement between the Parties and superseding all other agreements, representations, and understandings on the subject matter herein. There is no other agreement, oral or written, expressed or implied, between the Parties with respect to the subject-matter herein, except this Settlement Agreement.

Signed this 17 day of August, 2015.

WITNESSES:

(Print Name)

(Print Name)

BY: G Gregory Mills
G. Gregory Mills, Vice President
WILDWOOD WATER CO.
610 Fairway Drive, #206
St. Augustine, FL 32084
Telephone: (904) 829-3400
Email:

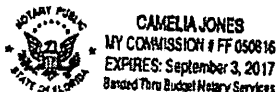
I HEREBY CERTIFY that on this date Aug. 17, 2015 personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, who is known to me and/or who has produced a valid Driver's License (#) as identification, and who swears and affirms the enclosed information is true and correct to the best of her knowledge and is the person that executed this letter for the purposes expressed therein.

Sworn to and subscribed before me this 17th day of August, 2015.

Camelia Jones
Notary Public, State of Florida (Signature)

Camelia Jones
Notary Public, State of Florida
(typed, printed, or stamped)

My Commission Expires: 9/3/17



Docket No. 150022-WU

Settlement Agreement – Exhibit A

WILDWOOD WATER COMPANY (WU937)

RAFS, PENALTY & INTEREST OWED

YEAR	REVENUES	RAFS (4.5%)	PENALTY (25%)	INTEREST (1%) (THRU 9/15/15)	PAYMENTS	TOTAL DUE (AS OF 9/15/15)
2014	\$177,341.00	\$7,980.34	\$1,995.09	\$478.92	\$0.00	\$10,454.35
2013	\$172,676.00	\$7,770.42	\$1,942.61	\$1,398.68	\$0.00	\$11,111.71
2012	\$161,630.00	\$7,273.35	\$1,818.34	\$2,182.01	\$0.00	\$11,273.70
2011	\$162,446.00	\$7,310.07	\$1,827.52	\$3,143.33	\$0.00	\$12,280.92
2010	\$147,232.00	\$6,625.44	\$1,656.36	\$3,643.99	\$0.00	\$11,925.79
2009	\$161,931.00	\$7,286.90	\$1,821.73	\$4,882.22	\$0.00	\$13,990.85
TOTALS	\$983,256.00	\$44,246.52	\$11,061.65	\$15,729.15	\$0.00	\$71,037.32

WILDWOOD WATER COMPANY (wu937)

ANNUAL REPORT PENALTIES

YEAR	DATE DUE	DATE FILED	DAYS LATE (ASOF 9/15/15)	PENALTY (\$3 PER DAY) (ASOF 9/15/15)	PENALTY REDUCTION
2014	05/31/2015**	05/29/15	0	\$0.00	\$0.00
2013	03/31/2014	07/25/2014	116	\$348.00	\$500.00
2012	03/31/2013	07/25/2014	481	\$1,443.00	\$500.00
2011	03/31/2012	07/25/2014	846	\$2,538.00	\$500.00
2010	04/30/2011**	03/31/2015	1,431	\$4,293.00	\$500.00
2009	06/01/2010**	03/31/2015	1,764	\$5,292.00	\$500.00
TOTALS	-----	-----	4,638	\$13,914.00	\$2,500.00

** Utility Granted Extension to File Annual Report

Item 3

State of Florida



FILED SEP 03, 2015
DOCUMENT NO. 05523-15
FPSC - COMMISSION CLERK

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Telecommunications (Beard, Casey) *cm* *BJT* *pm*
Office of the General Counsel (Murphy)

RE: Docket No. 150151-TL – Petition for approval of implementation of 1+10-digit dialing for Walnut Hill and Molino, Florida exchanges, by Frontier Communications of the South, LLC.

AGENDA: 09/15/15 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On May 26, 2015, Frontier Communications of the South, LLC. (Frontier) filed a Petition for Approval of Mandatory 1+10 Digit Dialing for the Walnut Hill and Molino Exchanges. Frontier is a Florida Public Service Commission (Commission) certificated local exchange telecommunications company which serves the Walnut Hill and Molino Exchanges in Escambia County.

On June 10, 2015, staff sent a data request to Frontier seeking additional information on Frontier's proposal. Frontier provided responses to the data request on June 25, 2015.

On August 5, 2015, staff sent an e-mail Notice to all potentially affected communication carriers in the Frontier service area. The Notice described Frontier's proposal, provided a link to the

Docket No. 150151-TL
Date: September 3, 2015

proposal on the Commission website, and advised that any written comments should be submitted to the Commission by August 14, 2015. In addition, on August 6, 2015, a Florida Administrative Register (FAR) Notice was published seeking information on how Frontier's dialing proposal may affect other Florida communication carriers and customers, if at all. The FAR notice also stated that written comments should be submitted to the Commission by August 14, 2015.

On August 14, 2015, BellSouth Telecommunications, LLC d/b/a AT&T Florida (AT&T), filed comments addressing Frontier's proposed dialing pattern change. On August 21, 2015, Frontier filed a letter amending its original Petition to request mandatory 10-digit dialing instead of mandatory 1+10 digit dialing.

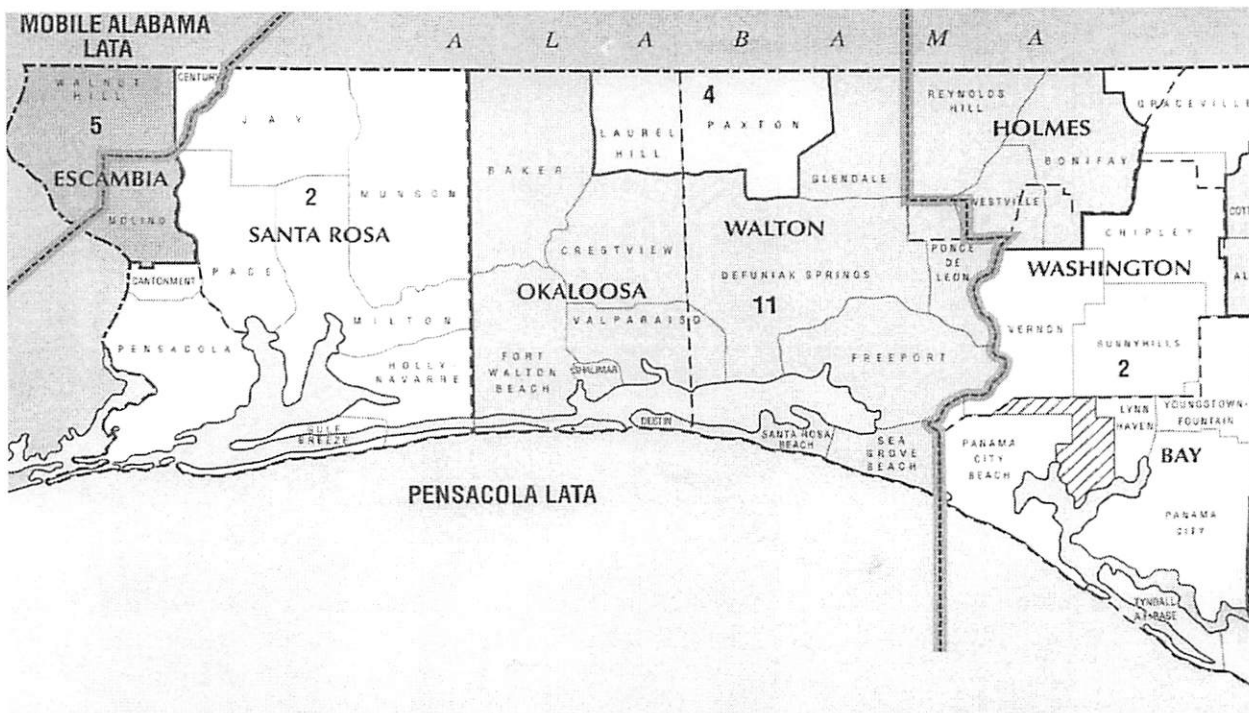
The Commission has jurisdiction to address these issues pursuant to Section 364.16(7), F.S., and 47 C.F.R. §52.19.

Discussion of Issues

Issue 1: Should the Commission approve 10-digit Mandatory Dialing for the Walnut Hill and Molino exchanges?

Recommendation: Yes, staff recommends that the Commission approve 10-digit Mandatory Dialing for the Walnut Hill and Molino exchanges. (Beard, Casey)

Staff Analysis: Frontier currently serves certain exchanges in northwest Florida, including the Molino exchange, which is in Escambia County, as well as the Walnut Hill exchange, which is just north of the Molino exchange.



At present, both Pensacola, Florida and McCullough, Alabama are included in the local calling area for Frontier's customers in the Walnut Hill, Florida exchange. As such, customers in the Walnut Hill exchange utilize 7-digit dialing when making calls to both Pensacola and McCullough.

North American Numbering Plan¹ numbers are ten-digit numbers consisting of a three-digit Numbering Plan Area (NPA) code, commonly called an area code, followed by a seven-digit local number. The format is usually represented as:

NXX-NXX-XXXX

¹ The North American Numbering Plan (NANP) is an integrated telephone numbering plan serving 20 North American countries that share its resources. AT&T developed the North American Numbering Plan in 1947 to simplify and facilitate direct dialing of long distance calls. Implementation of the plan began in 1951.

where N is any digit from 2 through 9 and X is any digit from 0 through 9.

Frontier has learned that a wireless communication carrier recently opened the codes 251-261 in McCullough, Alabama and 850-261 in Pensacola, Florida. Frontier believes that when the wireless communication carrier actually begins offering service, 261 numbers in either the 850 area code or the 251 area code, calls from Frontier customers in Walnut Hill may not properly translate.

As an example, a customer in Walnut Hill, FL (850-327) may attempt to reach a business in McCullough, AL by dialing a 7-digit number as the customer has in the past. If the business has been assigned a number, such as 261-1234, that call to the business in McCullough may not complete, or it may be sent to a potentially identical number in Pensacola, FL, because 261-1234 also belongs to a customer in Pensacola, FL. Since Walnut Hill currently has 7-digit dialing into both McCullough and Pensacola, this is a very likely scenario due to the wireless communication carrier opening 261 number blocks in both areas. The same would be true if a customer in Walnut Hill (850-327) is contacting a friend or family member in Pensacola, FL and dials 261-7890. Because Pensacola is included in the customer's local calling area, along with McCullough, AL, the call may not be completed or may be switched to McCullough, AL, to a customer with that number. If, however, the customer were required to also dial the area code when placing a call, the call would properly translate to the appropriate switch and ultimate destination.

Frontier anticipates imminent problems with call routing in this area, as well as associated customer confusion and frustration. Therefore, Frontier asks in its Amended Petition to Implement 10-digit Mandatory Dialing in the Walnut Hill exchange. Because of the close proximity and community of interest between Molino and Walnut Hill, Frontier anticipates that applying the dialing requirement to both exchanges will reduce confusion that could otherwise arise because of notifications to just one of these exchanges. Customers in the Walnut Hill and Molino exchanges would not incur any change in calling rates.

Frontier proposes to provide customer awareness, notification and education by following similar requirements as with an area code split or overlay. The proposed notification would include, but not be limited to, the following:

- Newspaper release advising of the upcoming requirement
- Bill Inserts or direct mail to all existing customers in Walnut Hill and Molino, Florida
- 30-day permissive period before mandatory 1 + 1 0-digit dialing
- At end of the permissive period, customers will be routed to a recording stating they must dial a "1 +the area code" when making local calls outside the state of Florida.

The Commission anticipated potential dialing problems in this area during the area code 904 relief addressed in Docket No. 961153-TL. By Order No. PSC-97-0138-FOF-TL, issued February 10, 1997, the Commission stated the following:

We have considered whether there would be a need to change interNPA dialing patterns. If the new NPA code results in routes with interNPA seven-digit dialing, a change to ten-digit dialing may be necessary on those routes.

On August 14, 2015, BellSouth Telecommunications, LLC d/b/a AT&T Florida (AT&T), filed comments addressing Frontier's proposed dialing pattern change. AT&T stated that it is unaware of any technical issues with implementing 1+10-digit dialing for inter-NPA calling from these exchanges. However, AT&T noted that implementation of 1+10-digit dialing is inconsistent with the Commission's previously established dialing plan developed by industry and the Commission. Historically, in the state of Florida, 1+10 digit dialing has been earmarked to indicate to consumers they are making a toll call. By Order No. PSC-96-0558-FOF-TP, issued April 25, 1996, in Docket No. 960090-TP, the Commission set the following dialing patterns.

Intra Exchange Local	10-digits
Inter and Intra NPA EAS	10-digits
Inter and Intra NPA ECS or alternative toll plan	1 + 10 digits
Inter and Intra NPA toll	1 + 10 digits

In staff's June 10, 2015 data request, staff advised Frontier that historically in Florida, 1+10 dialing has been reserved for calls which incur toll charges, and asked why Frontier believes it should use 1+10 dialing instead of just 10-digit dialing. Frontier responded that it is not opposed to the implementation of 10-digit dialing, as opposed to 1+10 digit dialing. On August 21, 2015, Frontier, after engaging in discussions with AT&T regarding its comments, amended its original Petition. The Amended Petition confirms Frontier's willingness to implement 10-digit dialing for the Walnut Hill and Molino exchanges, as opposed to 1+10 digit dialing as originally requested. In addition, Frontier represents that AT&T does not oppose Frontier's amended request to implement 10-digit dialing.

AT&T was the only communication carrier which submitted comments in this docket. No public comments from consumers were received. It appears that a change in the dialing pattern to 10-digit mandatory dialing in the Walnut Hill and Molino exchanges will not have any significant effect on either providers or consumers. Therefore, staff recommends that the Commission approve Frontier's Amended Petition for 10-digit Mandatory Dialing for the Walnut Hill and Molino exchanges.

Issue 2: Should this docket be closed?

Recommendation: 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, this docket should be closed upon the issuance of a consummating order. (Murphy, Casey)

Staff Analysis: 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, this docket should be closed upon the issuance of a consummating order. At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.

Item 4

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Accounting and Finance (Cicchetti, Archer, Bulecza-Banks, Buys, Cornelius, Fletcher, Maurey, Mouring, Slemkewicz)
Office of Auditing and Performance Analysis (Deamer, Hill)
Division of Economics (Draper, Higgins, McNulty, Shafer)
Division of Engineering (Matthews)
Office of the General Counsel (Gervasi, Ames, Corbari, Tan, Young)
Office of Industry Development and Market Analysis (Laux)

RE: Docket No. 150148-EI – Petition for approval to include in base rates the revenue requirement for the CR3 regulatory asset, by Duke Energy Florida, Inc.

Docket No. 150171-EI – Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy.

AGENDA: 09/15/15 – Regular Agenda – Motion to Approve Stipulation in Docket No. 150148-EI prior to hearing - Parties May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

THIS ITEM WILL BE PRESENTED ORALLY

Item 5

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Ellis) *POE PV DPB*
Division of Accounting and Finance (T. Brown, Norris) *ALM*
Division of Economics (Thompson) *JP*
Office of the General Counsel (Brownless) *GC*

RE: Docket No. 140174-WU – Application for approval of transfer of Certificate No. 117-W from Crestridge Utility Corporation to Crestridge Utilities, LLC, in Pasco County.

AGENDA: 09/15/15 – Regular Agenda – Proposed Agency Action for Issue 2 only – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Dockets Nos. 140174-WU and 140176-WU.

Case Background

Crestridge Utility Corporation (Crestridge or Utility) is a Class C water utility located in Pasco County, serving approximately 616 residential customers. Crestridge is located in the Southwest Florida Water Management District (SWFWMD). Based on the Utility's 2014 Annual Report, Crestridge reported a total gross revenue of \$100,689.

Docket No. 140174-WU
Date: September 3, 2015

The Utility has provided water service since at least 1967. In 1973, Crestridge was issued Certificate No. 117-W.¹ Certificate No. 117-W has not been amended to include additional territory. Rate base was last established for Crestridge by Order No. PSC-93-0012-FOF-WU.²

Crestridge is owned by Holiday-Gulf Homes, Inc. (Seller) Both business entities are active corporations registered with the Florida Department of State, Division of Corporations. In addition to water service, Crestridge provides garbage collection and street lighting services in its service territory.

On September 10, 2014, an application was filed by Michael Smallridge (Smallridge or Buyer) for the transfer of Crestridge and Certificate No. 117-W, to Crestridge Utilities, LLC (Crestridge LLC) pursuant to Rule 25-30.037, Florida Administrative Code (F.A.C.). Crestridge LLC was registered with the Florida Department of State, Division of Corporations on April 11, 2014.³ Simultaneous with the filing of the transfer docket, an application for a staff-assisted rate case (SARC) for the LLC was also filed by Mr. Smallridge.⁴

An informal meeting was held on February 26, 2015, regarding both the transfer and SARC for Crestridge. At this meeting, it was clarified that staff would only process the SARC upon completion of the transfer.

On April 23, 2015, staff filed a recommendation that the Commission deny the request for transfer for Crestridge. The primary issues identified in staff's recommendation addressed failures to respond to data requests, conflicting information, and delays in filing customer notices. On April 27, 2015, Mr. Smallridge, through his legal counsel, filed a request for deferral from the agenda of the May 15, 2015, Commission Conference.

This recommendation addresses the transfer of the water system. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 5674, issued March 8, 1973, in Docket No. 72589-W, *In re: Application of Crestridge Utilities, Inc. for a certificate to operate a water utility in Pasco County.*

² Order No. PSC-93-0012-FOF-WU, issued January 5, 1993, in Docket No. 920417-WU, *In re: Application for a staff-assisted case in Pasco County by Crestridge Utility Corporation.*

³ At this time, water services are being provided under the name of the LLC. However, the certificated entity remains unchanged until the Commission approves the transfer of the certificate. Thus, for purposes of this recommendation, the name "Crestridge" will apply to both the certificated entity and the LLC. Distinctions between the LLC and original certificated entity will be made in the text where necessary for clarity.

⁴ Docket No. 140175-WU.

Discussion of Issues

Issue 1: Should the application for transfer of Certificate No. 117-W from Crestridge Utility Corporation to Crestridge Utilities, LLC be approved?

Recommendation: Yes, but with conditions which have been agreed to by the owner of the utility. These conditions include payment of RAFs and filings of annual reports in a timely manner, meeting all environmental and health requirements for operation, responding to staff data requests in a timely and complete fashion, not purchasing any additional utilities until after December 31, 2017, and updating staff on existing utility system purchases.

Staff recommends that, with the conditions discussed herein, the transfer is in the public interest and should be approved effective the date of the Commission vote. The territory being transferred is described in Attachment A. The resultant order should serve as Crestridge Utilities, LLC's Certificate No. 117-W and be retained. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. Crestridge Utilities, LLC should be responsible for annual reports and RAFs for 2015 and future years. (Brownless, T. Brown, Ellis, Norris, Thompson)

Staff Analysis: On March 31, 2014, Mr. Michael Smallridge purchased the assets of both Crestridge and Holiday Gardens for \$450,000. Mr. Smallridge was required to make a down payment of \$25,000 at closing and execute a purchase money mortgage with owner financing in the amount of \$425,000 at 7.5 percent interest for 12 years with a monthly payment of \$4,484.71 until paid in full and to pay another \$20,000 on or before January 31, 2015. In addition to the Utilities, Mr. Smallridge also purchased the recorded street lighting and trash collection districts for the Crest Ridge Gardens Subdivision and Holiday Gardens Unit One.⁵ In the Agreement for Purchase and Sale of Water Assets (Purchase Agreement), the Seller agreed to allow Mr. Smallridge to acquire title in the names "Holiday Gardens Utilities, LLC," and "Crestridge Utilities, LLC."⁶

On April 11, 2014, as contemplated by the Purchase Agreement, Mr. Smallridge did create and register Crestridge Utilities, LLC, with the Secretary of State. On August 8, 2014, the warranty deeds for all of the property on which the Utility's facilities are located were executed in the name of the LLC and subsequently recorded on September 18, 2014.⁷ Mr. Smallridge signed the Promissory Note for the purchase of both Utilities on August 22, 2014, and commenced paying the \$4,500 per month⁸ mortgage on or about September 14, 2014. Title insurance policies were also issued for each of the Utilities' properties on September 18, 2014.

⁵ Crest Ridge Gardens Restrictions, Book 341, p. 438, Pasco County Public Records; Holiday Gardens Restrictions, Book 378, P. 165, Pasco County Public Records.

⁶ Section 3.k.

⁷ The warranty deed for Lot 692 of the Crest Ridge Gardens Unit Seven was recorded again on October 17, 2014, to reflect the addition of a date for the notary's signature.

⁸ The Purchase Agreement and Promissory Note, dated August 22, 2014, states that the monthly payment is \$4,484.71. In response to a Staff Data Request, Mr. Smallridge indicated that he increased it to \$4,500 per month.

On September 10, 2014, Mr. Smallridge filed applications for the transfer of Certificate No. 117-W from Crestridge to the LLC. The filing fee of \$1,500 as required by Rule 25-30.020, F.A.C., was not provided at the time with the application.

Sections 367.045 and 367.071, F.S., and Rule 25-30.037, F.A.C., control the sale, assignment, or transfer of water and wastewater authorization (certificates), facilities or majority operational control. In order for a sale or transfer to be approved, the applicant must demonstrate that the “proposed sale, assignment, or transfer is in the public interest and that the buyer, assignee or transferee will fulfill the commitments, obligations, and representations of the Utility.”⁹ Rule 25-30.037(j), F.A.C., further requires that the applicant demonstrate that the buyer has experience in water or wastewater utility operations and has the financial ability to provide service.

As discussed in more detail below, throughout the early part of this process the applicant repeatedly failed to provide requested relevant materials and documents necessary to evaluate his financial or managerial ability to operate the Utility in accord with applicable Commission rules and regulations. In some instances, the applicant provided responses that were incomplete or contained conflicting and incorrect information.

Failure to Respond to Staff’s Data Requests

The application, as filed, failed to include the information required by Rule 25-30.037(2), F.A.C. On October 7, 2014, staff requested payment of the filing fee (\$1,500) and additional data to clarify the application and resolve several of the deficiencies. A due date for responses was set for November 5, 2014. However, no responses were received within the requested timeframe. Late-filed responses were received on November 10, 2014, which partially answered one deficiency. No filing fee was provided.

Without further responses from the applicant, staff again sent letters on January 12, 2015, requesting the payment of the filing fees and the additional information necessary to process the application. A deadline for a response was set for January 22, 2015. Staff noted that the failure to pay the filing fees and provide the necessary information would result in a recommendation that the application for transfer be denied. On January 23, 2015, partial responses were filed and the filing fee was paid.

Staff continued its review of the filing and determined that further information was necessary to approve the applications. On February 23, 2015, staff issued a second data request, including six questions, and requested responses by March 25, 2015. On March 18, 2015, the applicant filed responses to one question and provided information that rendered another question moot. No responses to the remaining four questions, including questions regarding financial information had been provided as of the date of filing the first staff recommendation in this docket despite staff’s requests.

Staff sent a third set of data requests on March 4, 2015, with a total of 13 questions, and requested responses by April 2, 2015. On March 10, 2015, staff amended the requests with an additional question that had been inadvertently omitted. On April 6, 2015, the applicant partially responded to staff’s third data requests but failed to respond to certain questions regarding

⁹ Section 367.071(1), F.S.

financial information. Specifically, staff requested information concerning Mr. Smallridge's personal line of credit which was referenced in his meeting with Commission staff on February 26, 2015. Other than to confirm that he does have a line of credit, Mr. Smallridge did not provide the requested details regarding this account.

Conflicting Information

In addition to failing to file timely responses, many of the responses were incorrect or conflicted with previous responses. The following examples are illustrative. First, attempts to determine the amount of the total purchase price of \$450,000 allocated to each Utility and to the street lighting and garbage collection rights were repeatedly asked. In response to staff's deficiency letter dated October 7, 2014, the applicant replied that the total purchase amount was pro-rated based on the number of customers: \$269,375 for Crestridge and \$180,625 for Holiday Gardens.¹⁰ No dollar amount was assigned to the street lighting and trash business "[s]ince the street lights and trash are in the deed restrictions and I had to take them as part of the deal, but they have no value because they have no assets nor do they produce any profit." In response to the December 3, 2014, staff audit findings that the net book value at the time of transfer for Holiday Gardens was \$24,544 and for Crestridge was \$60,694, the applicant indicated that positive acquisition adjustments in the amount of \$156,081 and \$208,681 for each Utility, respectively, were appropriate.¹¹ Staff's second data request no. 4 requested documentation to support how these acquisition adjustments were made. However, on March 18, 2015, the applicant subsequently withdrew the requests for acquisition adjustments for each utility, at which time the applicant also amended the allocation of the purchase price of the Utilities to reflect a cost of \$60,694 for Crestridge, \$24,544 to Holiday Gardens, and the balance of \$364,762 to street lighting and garbage collection rights. As noted above, Mr. Smallridge has asserted that these services are provided at cost and produce no profit. This assertion conflicted with the general ledger provided to audit staff which shows customers are billed approximately \$4,450 per month more than the Utilities were charged for street lighting and garbage collection services. Staff repeatedly requested additional information to verify the amount billed to customers for street lighting and garbage collection services. This information had not been provided as of the date of filing the first staff recommendation in this docket.

Second, staff repeatedly asked about the closing date for the purchase of the Utilities in order to determine the net book value of each Utility. At various times, the applicant either stated or provided documents indicating that closing took place: a) on April 11, 2014, per the terms of the Purchase Agreement; b) on August 22, 2014, as stated on the Closing Statement provided in response to staff's third data request no. 9; or c) on August 27, 2014, as stated in response to staff's third data request no. 7. Based upon filings in the SARC dockets, the closing date provided to SWFWMD was given as August 22, 2014.

Third, staff tried to verify the amount of the mortgage payment to the Seller due each month pursuant to the Purchase Agreement. Depending on the documentation provided this amount was: a) \$4,484.71 per month as stated in Section 4 of the Purchase Agreement; b) \$4,500 per

¹⁰ Based on the 2013 Annual Reports, there were 615 residential customers for Crestridge and 449 residential and 7 general service customers for Holiday Gardens.

¹¹ A closing date of April 11, 2014, was used by the auditors for each Utility. This date was not contested by Mr. Smallridge in his subsequent responses to the audits filed on March 18, 2015.

month as stated on the first page of the Promissory Note dated August 22, 2014, provided in response to staff's first data request no. 4; or c) \$4,484.71 per month as stated on the complete Promissory Note dated August 22, 2014, provided in response to staff's third data request no. 8. The terms of the Promissory Note state that the monthly payment terms can only be changed with the written consent of the Seller. No such consent was provided.

Delays in Filing Customer Notices

Rule 25-30.030, F.A.C., requires that a legal notice be sent to state and local government agencies, nearby water utilities, and customers within seven days of the application, in addition to a newspaper publication for any transfer. At a utility's request, staff provides a listing for state and local government agencies and nearby water and wastewater utilities. This notice is allowed to be a late-filed exhibit in a transfer application, and was noted as such in the applications for both Utilities. However, no such exhibits were provided by the time of staff's first data requests, nor had requests for the information been made. On October 7, 2014, as part of the first data request, staff provided examples of a legal notice and a list of entities to notify, including government agencies and other water utilities in Pasco County. On November 10, 2014, staff received a request for an electronic copy of the example legal notice, which was provided.

On January 12, 2015, staff sent reminder letters to the applicant that included another copy of the example legal notice and updated lists of government agencies and water utilities to contact, as the previous lists had expired. In his January 23, 2015, responses to staff's first data request, legal notices were provided to staff for each proposed transfer. Staff assisted the applicant with attempts to resolve several flaws with the legal notices. On February 18, 2015, the applicant filed flawed notarized affidavits, including multiple incorrect dates for the filing and mailing of the notices, and both were missing affidavits from the publishing newspapers. On March 11, 2015, the applicant submitted proper affidavits of mailing customer notices and publications. Based upon these documents, customers were notified of the transfers on February 6, 2015, approximately five months after the applications were filed.

Section 367.1214, F.S., requires that a utility notify both the Commission and its customers before changing a utility's name. Mr. Smallridge has represented that he held meetings with customers in which he notified them of the name changes and change of ownership of the utilities prior to September 10, 2014, when the application for transfer was filed. However, the Commission was not notified of the name changes until the applications for transfer were filed.

Public Interest Standard

Pursuant to Rule 25-30.037(1)(j), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service to the proposed service area. Staff believes the Buyer has ample experience in the utility regulatory process. As stated in his application,¹² the Buyer was appointed to the Citrus County Water and Wastewater Authority, the local regulatory body for Citrus County, where he served for seven years. The Buyer also served as the "Class C" representative for the Governors Study Committee for Investor Owned Water and Wastewater Utility Systems in 2013. He maintains a regular yearly schedule of training classes through the Florida Rural Water Association and completed the NARUC Utility Rate School in 2001. He serves as the appointed circuit court receiver for Four Points Utility

¹² Document No. 05046-14, filed September 10, 2014, Exhibit 1.

Corporation and West Lakeland Wastewater, Inc.,¹³ both of which have been involved in staff-assisted rate cases, limited proceedings or certificate transfer cases in the last three years. The Buyer also owns Pinecrest Utilities, LLC (Pinecrest), which was involved in a staff-assisted rate case and a tariff amendment to increase miscellaneous service charges in 2012.¹⁴ In total, the Buyer owns, is the receiver of, or is the manager of, a total of nine Class C water and wastewater facilities, seven of which are regulated by the Commission.

In 2012, the Commission found that “the application contains documentation to demonstrate that the Buyer has sufficient personal financial resources to operate and maintain the Pinecrest water system.”¹⁵ At the time the Commission made that determination, Pinecrest was the only system owned by Mr. Smallridge. Since then, the Buyer purchased Crestridge, Holiday Gardens,¹⁶ and West Lakeland Wastewater, Inc.¹⁷ In addition, Florida Utility Services 1, LLC, which is owned and operated by Mr. Smallridge, purchased Charlie Creek Utilities, LLC¹⁸ and East Marion Utilities, LLC.¹⁹

Staff's First Recommendation

Notwithstanding his training and experience with both the Commission and the regulatory process, Mr. Smallridge initially failed to respond or to comply with Commission rules and procedures. As a result, on April 23, 2015, staff filed a recommendation that the Commission deny the requests for transfer of certificates for Crestridge and Holiday Gardens. The primary issues identified in staff's recommendation addressed failures to respond to data requests, conflicting information, and delays in filing customer notices. On April 27, 2015, Mr. Smallridge, through his counsel, filed a request for deferral from the agenda of the May 15, 2015, Commission Conference.

After the deferral, staff made multiple data requests in an attempt to resolve the concerns raised in the original recommendation. Staff initially had questions regarding the Buyer's financial ability to maintain and make necessary improvements to the systems currently owned, especially given the rate at which additional systems were being acquired. Staff reviewed the personal financial statements and tax returns of the Buyer, as well as the financial statements and tax returns of Florida Utility Services 1, LLC. The Buyer also provided staff with copies of recent

¹³ The Buyer also serves as the appointed circuit court receiver for Bimini Bay Utilities, which is not regulated by the Commission.

¹⁴ Docket No. 120269-WU, Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC; and 120290-WU, Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Pinecrest Utilities, LLC.

¹⁵ Order No. PSC-12-0475-PAA-WU, issued September 18, 2012, in Docket No. 110311-WU, *In re: Application for transfer of Certificate No. 588-W from Pinecrest Ranches, Inc., in Polk County, to Pinecrest Utilities, LLC*, p.3.

¹⁶ Docket No. 140176-WU, Application for approval of transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC, in Pasco County.

¹⁷ Docket No. 130065-SU, Application for transfer of Certificate No. 515-S in Polk County from West Lakeland Wastewater, Inc. to West Lakeland Wastewater, LLC. Application was withdrawn at the request of the Utility on September 11, 2014.

¹⁸ According to the Utility, an application for original certificate will be filed with the Commission no later than September 4, 2015.

¹⁹ Docket No. 150091-WS, Application for approval of transfer of Certificate Nos. 490-W and 425-S from East Marion Sanitary Systems, Inc. to East Marion Utilities, LLC, in Marion County.

loan documents²⁰ indicating access to additional sources of capital, as well as a three-year capital expenditure and funding estimate²¹ which included the status of recent improvements. Additional details regarding the Buyer's communication with customers as well as specific actions he has taken to improve the Utility since purchasing it were also provided.

Mr. Smallridge has responded promptly to staff's latest data requests and on the whole the responses are more complete and noncontradictory. Since the deferral, conversations with Mr. Smallridge's counsel about staff's areas of concern discussed above have identified conditions for certification which offer solutions to rectify these concerns. These conditions, as stated below, have been agreed to by Mr. Smallridge.

Conditional Approval to Address Concerns

Given these unique set of facts, an alternative approach to the denial of the transfer of the certificate in this case is to approve the transfer of certificate for Crestridge with the following conditions:

For each Commission-related utility owned directly or indirectly by Smallridge (Crestridge, Holiday Gardens, West Lakeland, East Marion, Charlie Creek and Pinecrest):

1. Pay all RAFs completely and on time.
Rule 25-30.120, FAC; Section 367.145, F.S.
2. File all annual reports on time. Each annual report filed during the period these conditions are in effect shall include a notarized affidavit stating that Michael Smallridge has not purchased, either directly or indirectly, any additional utilities during the period ending December 31st of the last year.
Rule 25-30.110, FAC; Section 367.121(1)(c), (i), F.S.
- 3 Meet all DEP and Water Management District requirements for operation.
Section 367.11(2), F.S.
4. Comply completely and in a timely fashion with all Commission staff data requests associated with any Smallridge utility.
Section 367.121(1)(c), (i), F.S.
5. Michael Smallridge shall not purchase, either directly or indirectly, any other Commission-regulated utilities until after December 31, 2017.
6. Michael Smallridge shall file an application for certificate for Charlie Creek and provide a status report on West Lakeland's efforts to secure the land on which its wastewater facilities are located by September 4, 2015.
7. Should Michael Smallridge fail to meet these requirements, the Commission staff shall show cause Michael Smallridge as to whether his certificate(s) should be revoked or further conditions imposed.

²⁰ Document No. 04001-15, filed June 29, 2015.

²¹ Document No. 04718-15, filed July 28, 2015.

These conditions are either based on the Commission's rules and authorizing statutes or Mr. Smallridge's current business plans for each of the six Commission-regulated utilities that he owns either directly or indirectly. Both Mr. Smallridge and staff agree that the proposed conditions will allow the Commission to closely monitor Mr. Smallridge's compliance with the financial responsibilities associated with providing adequate service to the customers of Crestridge. For that reason, staff recommends that these conditions should be imposed on this certification in the public interest.

Section 367.045(5)(a), F.S., states that "[t]he commission may grant or amend a certificate of authorization, in whole or in part or with modifications in the public interest."[emphasis added] The Commission has included conditions in prior transfer of certificate cases.²² The conditions proposed for this transfer are directly related to the standards of technical and financial ability to provide service to the certificated territory mandated by Section 367.071(1), F.S. A decision that allows the Utility to proceed, but closely monitors its compliance with its service responsibilities, is a "modification in the public interest."

Other Matters

If the conditions above are approved, the amended application would be considered within compliance with the governing statutes and rules concerning an application for transfer of certificate. The closing date of the sales contract, based upon the most recent data response, should be August 27, 2014. Pursuant to Section 367.071(1), F.S., the sales contract was made contingent upon Commission approval.

Noticing Provisions

As noted in staff's original recommendation, customers were notified of the transfer on February 6, 2015. No objections to the notice have been filed with the Commission and the time for filing objections, based on the late notice date, has expired. A description of the territory being transferred is appended to this recommendation as Attachment A. Recorded copies of warranty deeds have been provided as part of responses to staff's data requests which are evidence that Crestridge owns the land on which the water treatment facilities are located, pursuant to Rule 25-30.037(2)(q), F.A.C.

Sales Contract

Pursuant to Rule 25-30.037(2)(g), F.A.C., the application contains a copy of the sales contract, which includes the purchase price, terms of payment, and a list of the assets purchased. As noted above, the purchase contract was for the certificated Utilities of Crestridge and Holiday Gardens and non-utility assets for each service territory for waste disposal and street lighting. Based upon the amended application, Crestridge was acquired for \$60,694 of the \$450,000 combined purchase price.

Pursuant to Rule 25-30.037(2)(h), F.A.C., the contract addressed customer deposits, customer advances, leases, and other matters. According to the application, there are no leases, developer agreements, or guaranteed revenue contracts associated with the transfer.

²² Order No. PSC-98-0043-FOF-WS, issued January 6, 1998, in Docket No. 951026-WS, *In re: Application for transfer of Certificates Nos. 361-W and 316-S in Citrus County from J & J Water and Sewer Corporation to Meadows Utility Company, Inc.*

Accounting Standards

Mr. Smallridge is aware that Crestridge's books and records must be maintained in accordance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA).

Other Regulatory Entities

The Florida Department of Environmental Protection (DEP) sets requirements for the water system. During the January 2015 Sanitary Survey, several deficiencies were found with the water system, including issues with one of the Utilities' water tanks. As of May 2015, all other deficiencies have been corrected and DEP has accepted a plan for the replacement of a pneumatic water tank to resolve the remaining deficiency. The Utility is in the process of applying for renewal of its water use permit from SWFWMD. At this time, Mr. Smallridge has not yet paid his filing fee and has outstanding data requests. Mr. Smallridge has requested and received a time extension for filing this information until September 28, 2015.

Rates and Charges

The Utility's rates were last approved in a staff-assisted rate case in 1993.²³ The rates were subsequently amended to reflect a four year rate reduction required by Section 367.0816, F.S., in 1997 and numerous price indexes. In 2014, Crestridge was approved for an after-hours normal reconnection charge, a convenience charge, a late payment charge, a meter tampering charge, and initial customer deposits.²⁴ The Utility is built out and has no approved service availability charges other than a meter installation charge. The Utility's existing rates are shown on Schedule No. 2. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

Annual Reports and Regulatory Assessment Fees

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2014. The Buyer will be responsible for filing the Utility's annual reports and paying RAFs for 2015 and all future years.

Conclusion

Staff recommends that, with the conditions discussed herein, the transfer is in the public interest and should be approved effective the date of the Commission vote. The territory being transferred is described in Attachment A. The resultant order should serve as Crestridge Utilities, LLC's Certificate No. 117-W and be retained. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. Crestridge Utilities, LLC should be responsible for annual reports and RAFs for 2015 and future years.

²³Order No. PSC-93-0012-FOF-WU, issued January 5, 1993, in Docket No. 920417-WU, *In re: Application for staff-assisted rate case in Pasco County by Crestridge Utility Corporation.*

²⁴Order No. PSC-14-0016-TRF-WU, issued January 6, 2014, in Docket No. 130251-WU, *In re: Application for approval of miscellaneous service charges in Pasco County, by Crestridge Utilities, Inc.*

Issue 2: What is the appropriate net book value for Crestridge's water system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of Crestridge's water system for transfer purposes should be \$62,265 as of August 27, 2014. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Crestridge should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances as of August 27, 2014. The adjustments should be reflected in the Utility's 2015 Annual Report when filed. (T. Brown, Norris)

Staff Analysis: Rate base was last established for the Utility, as of March 31, 1992.²⁵ The Utility has also filed for a staff-assisted rate case in Docket No. 140175-WU. The purpose of establishing net book value (NBV) for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The utility's NBV has been updated to reflect balances as of August 27, 2014. Staff's recommended NBV, as described below, is shown on Schedule 1.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected a UPIS balance of \$89,699, as of August 27, 2014. Audit staff reviewed UPIS additions since the last rate case proceeding in 1992 to calculate a UPIS balance that totals \$220,682. As a result, UPIS should be increased by \$130,983 to reflect a UPIS balance of \$220,682, as of August 27, 2014. Staff's recommended UPIS balance is shown on Schedule 1.

Land

The Utility's general ledger reflected a land balance of \$6,000, as of August 27, 2014. In PSC Order No. 93-0012-FOF-WU, issued January 5, 1993, the Commission established the value of the land to be \$6,000. There have been no additions to land purchased since that order was issued. No additional adjustments have been identified by staff. Therefore, staff recommends land of \$6,000, as of August 27, 2014. Staff's recommended land balance is shown on Schedule 1.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$39,641, as of August 27, 2014. Audit staff calculated that the appropriate accumulated depreciation balance to be \$164,417. As a result, accumulated depreciation should be increased by \$124,776 to reflect an accumulated depreciation balance of \$164,417, as of August 27, 2014. Staff's recommended accumulated depreciation balance is shown on Schedule 1.

Contributions-in-Aid-of-Construction (CIAC) & Accumulated Amortization of CIAC

As of August 27, 2014, the Utility's general ledger reflected balances of \$0 for CIAC and \$0 for accumulated amortization of CIAC. There were no additions to CIAC since the last rate case. Audit staff used the balances of CIAC and Accumulated Amortization of CIAC from the last rate proceeding and calculated the Accumulated Amortization of CIAC, as of August 27, 2014. CIAC

²⁵ Order No. PSC-93-0012-FOF-WU, issued January 5, 1993, in Docket No. 920417-WU, *In re: Application for a staff-assisted rate case by Crestridge Utility Corporation in Pasco County.*

was fully amortized in the year 1999 in the amount of \$86,055. Therefore, staff recommends a CIAC balance of \$86,055 and accumulated amortization of CIAC balance of \$86,055, as of August 27, 2014. Staff's recommended balances for CIAC and accumulated amortization of CIAC are shown on Schedule 1.

Net Book Value

The Utility's general ledger reflected NBV of \$56,058. Based on the adjustments described above, staff recommends that the NBV for the Utility is \$62,265, as of August 27, 2014. Staff's recommended NBV and the NARUC USOA balances for UPIS and accumulated depreciation are shown on Schedule 1, as of August 27, 2014.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. Of the total contract purchase price of \$450,000, the Buyer allocated \$60,694 to Crestridge Utilities, LLC and \$24,544 to Holiday Gardens, a sister utility. The balance of the purchase price, \$364,762, is allocated to garbage and street lighting operations.²⁶ As stated above, staff recommends that the appropriate NBV to be \$62,265. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. As set forth in Rule 25.30.0371(3), F.A.C., if the purchase price is greater than 80 percent of the net book value, a negative acquisition adjustment is not included in rate base. As the purchase price of \$60,694 paid exceeds 80 percent of staff's recommended NBV of \$62,265, a negative acquisition should not be included in rate base. Accordingly, staff recommends that no acquisition adjustment be approved.

Conclusion

Based on the above, staff recommends that the NBV for transfer purposes is \$62,265, as of August 27, 2014. No acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the Buyer should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances, as of August 27, 2014. The adjustments should be reflected in the Utility's 2015 Annual Report when filed.

²⁶ Document No 01503-15, filed March 18, 2015.

Issue 3: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after Crestridge has provided proof that its general ledgers have been updated to reflect the Commission-approved balances, as of August 27, 2014. (Brownless)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after Crestridge has provided proof that its general ledgers have been updated to reflect the Commission-approved balances, as of August 27, 2014.

Crestridge Utilities, LLC
Water Territory
Pasco County

Township 26 South, Range 16 East

Sections 31 & 32:

Commence at the Southwest corner of the Southeast $\frac{1}{4}$ of Section 31 for a Point of Beginning;
thence run South 89 degrees 52 minutes 49 seconds west, 59.44 feet;
thence run North 0 degrees 01 minutes 11 seconds West, 142.70 feet;
thence run North 89 degrees 52 minutes 49 seconds East, 1380.64 feet;
thence run North 0 degrees 35 minutes 10 seconds East, 1175.86 feet;
thence run North 89 degrees 57 minutes 55 seconds East, 1316.08 feet;
thence run South 89 degrees 58 minutes 03 seconds East, 441.22 feet;
thence run South 0 degrees 29 minutes 49 seconds West, 1317.77 feet;
thence run North 89 degrees 48 minutes 47 seconds West, 90.27 feet;
thence run South 0 degrees 07 minutes 11 seconds East, 25 feet;
thence run North 89 degrees 48 minutes 47 seconds West, 349.87 feet;
thence run South 89 degrees 52 minutes 49 seconds West, 2639.38 feet to the Point of Beginning.

Also: Commence at the Southwest corner of the Southeast $\frac{1}{4}$ of Section 31;
thence run South 89 degrees 52 minutes 49 seconds west, 59.44 feet;
thence run North 0 degrees 01 minutes 11 seconds West, 142.70 feet;
thence run North 89 degrees 52 minutes 49 seconds East, 1380.64 feet;
thence run North 0 degrees 35 minutes 10 seconds East, 1175.86 feet;
thence run North 0 degrees 32 minutes 57 seconds East, 329.95 feet to the Point of Beginning;
thence run North 0 degrees 32 minutes 57 seconds East, 989.39 feet;
thence run North 0 degrees 52 minutes 19 seconds East, 638.17 feet;
thence run North 61 degrees 27 minutes 32 seconds East, 763.34 feet;
thence run South 51 degrees 00 minutes 00 seconds East, 825.42 feet;
thence run South 1 degree 01 minutes 04 seconds West, 485 feet;
thence run South 0 degrees 25 minutes 49 seconds West, 835 feet;
thence run South 89 degrees 55 minutes 56 seconds East, 25 feet;
thence run South 0 degrees 25 minutes 29 seconds West, 134.39 feet;
thence run South 89 degrees 59 minutes 00 seconds West, 1340.20 feet to the point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

**authorizes
Crestridge Utilities, LLC
pursuant to
Certificate Number 117-W**

to provide water service in Pasco 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>
5674	03/08/1973	72589-W	Original Certificate
23524	09/20/1990	900244-WU	Transfer Majority Control
*	*	140174-WU	Transfer of Certificate

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

Crestridge Utilities, LLC

Water System

Schedule of Net Book Value as of August 27, 2014

Description	Balance Per			Staff
	Utility	Adjustments		Recommended
Utility Plant In Service	\$89,699	\$130,983 A		\$220,682
Land	6,000	0		6,000
Accumulated Depreciation	(39,641)	(124,776) B		(164,417)
CIAC	0	(86,055) C		(86,055)
Amortization of CIAC	<u>0</u>	<u>86,055</u> D		<u>86,055</u>
 Net Book Value	 <u>\$56,058</u>	 <u>\$6,207</u>		 <u>\$62,265</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of August 27, 2014
Water System**

Explanation	Amount
A. Utility Plant In Service To reflect appropriate amount of utility plant in service.	<u>\$130,983</u>
B. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$124,776)</u>
C. Contributions-in-Aid-of-Construction (CIAC) To reflect appropriate amount of CIAC.	<u>(\$86,055)</u>
D. Accumulated Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>\$86,055</u>
Total Adjustments to Net Book Value as of August 27, 2014.	<u>\$6,207</u>

Crestridge Utilities, LLC

Water System

Schedule of Staff Recommended Account Balances as of August 27, 2014

Account			Accumulated
No.	Description	UPIS	Depreciation
304	Structures & Improvements	\$8,255	(\$6,108)
307	Wells and Springs	9,837	(9,837)
309	Supply Mains	2,946	(2,346)
310	Power Generating Equipment	3,000	(7,364)
311	Pumping Equipment	43,970	(33,670)
320	Water Treatment Equipment	405	(1,940)
330	Dist. Reservoirs & Standpipes	28,751	9,688
331	Transmission & Dist. Mains	45,742	(45,742)
333	Services	12,509	(12,509)
334	Meters & Meter Installations	61,294	(49,691)
335	Hydrants	2,812	(3,737)
339	Other Plant & Misc. Equip.	600	(600)
340	Office Equipment & Furniture	<u>560</u>	<u>(560)</u>
	Total	<u>\$220,682</u>	<u>(\$164,417)</u>

**Crestridge Utilities, LLC
 Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" X 3/4"	\$7.76
3/4"	\$11.58
1"	\$19.36
1-1/2"	\$38.74
2"	\$62.00
3"	\$124.07
4"	\$193.80
6"	\$387.15

Charge per 1,000 Gallons – Residential and General Service \$1.51

Initial Customer Deposits

Residential - 5/8" X 3/4"	\$25.00
General Service - All Meters	2 times the average estimated bill

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$15.00	N/A
Normal Reconnection Charge	\$15.00	\$30.00
Violation Reconnection Charge	\$15.00	N/A
Premises Visit Charge (in lieu of disconnection)	\$10.00	N/A
Convenience Charge	\$2.50	
Late Payment Charge	\$5.25	
Meter Tampering Charge	\$50.00	

Service Availability Charges

Meter Installation Charge

5/8" x 3/4"	\$75.00
All other meter sizes	Actual Cost

Item 6

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Ellis) *POLE*
Division of Accounting and Finance (T. Brown, Norris) *AK*
Division of Economics (Thompson) *AK*
Office of the General Counsel (Brownless) *JSC*

ALM *AK*

RE: Docket No. 140176-WU – Application for approval of transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC, in Pasco County.

AGENDA: 09/15/15 – Regular Agenda – Proposed Agency Action for Issue 2 only – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Dockets Nos. 140174-WU and 140176-WU.

Case Background

Holiday Gardens Utilities, Inc. (Holiday Gardens or Utility) is a Class C water utility located in Pasco County, serving approximately 449 residential customers and two general service customers. Holiday Gardens is located in the Southwest Florida Water Management District (SWFWMD). Based on the utility's 2014 Annual Report, Holiday Gardens reported a total gross revenue of \$80,247.

The Utility has provided water service since at least 1967. In 1973, Holiday Gardens was issued Certificate No. 116-W.¹ Certificate No. 116-W was last amended in Order No. PSC-93-1530-FOF-WU.² Rate based was last established for Holiday Gardens by Order No. PSC-93-0013-FOF-WU.³

Holiday Gardens is owned by Holiday-Gulf Homes, Inc. (Seller) Both business entities are active corporations registered with the Florida Department of State, Division of Corporations. In addition to water service, Holiday Gardens provides garbage collection and street lighting services in its service territory.

On September 10, 2014, an application was filed by Michael Smallridge (Smallridge or Buyer) for the transfer of Holiday Gardens and Certificate No. 116-W, to Holiday Gardens Utilities, LLC (Holiday Gardens LLC) pursuant to Rule 25-30.037, Florida Administrative Code (F.A.C.). Holiday Gardens LLC was registered with the Florida Department of State, Division of Corporations on April 11, 2014.⁴ Simultaneous with the filing of the transfer docket, an application for a staff-assisted rate case (SARC) for the LLC was also filed by Mr. Smallridge.⁵

An informal meeting was held on February 26, 2015, regarding both the transfer and SARC for Holiday Gardens. At this meeting, it was clarified that staff would only process the SARC upon completion of the transfer.

On April 23, 2015, staff filed a recommendation that the Commission deny the request for transfer for Holiday Gardens. The primary issues identified in staff's recommendation addressed failures to respond to data requests, conflicting information, and delays in filing customer notices. On April 27, 2015, Mr. Smallridge through his legal counsel, filed a request for deferral from the agenda of the May 15, 2015, Commission Conference.

This recommendation addresses the transfer of the water system. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 5675, issued March 8, 1973, in Docket No. 72590-W, *In re: Application of Holiday Gardens Utilities, Inc. for a certificate to operate a water utility in Pasco County.*

² Order No. PSC-93-1530-FOF-WU, issued October 19, 1993 in Docket No. 930164-WU, *In re: Application for Amendment of Certificate No. 116-W in Pasco County, by Holiday Gardens Utilities, Inc.*

³ Order No. 93-0013-FOF-WU, issued January 5, 1993 in Docket No. 920418-WU, *In re: Application for a staff-assisted rate case by Holiday Gardens Utilities, Inc., in Pasco County.*

⁴ At this time water services are being provided under the name of the LLC. However, the certificated entity remains unchanged until the Commission approves the transfer of the certificate. Thus, for purposes of this recommendation, the name "Holiday Gardens" will apply to both the certificated entity and the LLC. Distinctions between the LLC and original certificated entity will be made in the text where necessary for clarity.

⁵ Docket No. 140177-WU.

Discussion of Issues

Issue 1: Should the application for transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC be approved?

Recommendation: Yes, but with conditions which have been agreed to by the owner of the utility. These conditions include payment of RAFs and filings of annual reports in a timely manner, meeting all environmental and health requirements for operation, responding to staff data requests in a timely and complete fashion, not purchasing any additional utilities until after December 31, 2017, and updating staff on existing utility system purchases.

Staff recommends that with the conditions discussed herein the transfer is in the public interest and should be approved effective the date of the Commission vote. The territory being transferred is described in Attachment A. The resultant order should serve as Holiday Gardens Utilities, LLC's Certificate No. 116-W and be retained. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. Holiday Gardens Utilities, LLC should be responsible for annual reports and RAFs for 2015 and future years. (T. Brown, Brownless, Ellis, Norris, Thompson)

Staff Analysis: On March 31, 2014, Mr. Michael Smallridge purchased the assets of both Crestridge and Holiday Gardens for \$450,000. Mr. Smallridge was required to make a down payment of \$25,000 at closing and execute a purchase money mortgage with owner financing in the amount of \$425,000 at 7.5 percent interest for 12 years with a monthly payment of \$4,484.71 until paid in full and to pay another \$20,000 on or before January 31, 2015. In addition to the utilities, Mr. Smallridge also purchased the recorded street lighting and trash collection districts for the Crest Ridge Gardens Subdivision and Holiday Gardens Unit One.⁶ In the Agreement for Purchase and Sale of Water Assets (Purchase Agreement), the Seller agreed to allow Mr. Smallridge to acquire title in the names "Holiday Gardens Utilities, LLC," and "Crestridge Utilities, LLC."⁷

On April 11, 2014, as contemplated by the Purchase Agreement, Mr. Smallridge did create and register Holiday Gardens Utilities, LLC, with the Secretary of State. On August 8, 2014, the warranty deeds for all of the property on which the Utility's facilities are located were executed in the name of the LLC and subsequently recorded on September 18, 2014.⁸ Mr. Smallridge signed the Promissory Note for the purchase of both Utilities on August 22, 2014, and commenced paying the \$4,500 per month⁹ mortgage on or about September 14, 2014. Title insurance policies were also issued for each of the Utilities' properties on September 18, 2014.

⁶ Crest Ridge Gardens Restrictions, Book 341, p. 438, Pasco County Public Records; Holiday Gardens Restrictions, Book 378, P. 165, Pasco County Public Records.

⁷ Section 3.k.

⁸ The warranty deed for Lot 692 of the Crest Ridge Gardens Unit Seven was recorded again on October 17, 2014, to reflect the addition of a date for the notary's signature.

⁹ The Purchase Agreement and Promissory Note, dated August 22, 2014, state that the monthly payment is \$4,484.71. In response to a Staff Data Request, Mr. Smallridge indicated that he increased it to \$4,500 per month.

On September 10, 2014, Mr. Smallridge filed applications for the transfer of Certificate No. 116-W from Holiday Gardens to the LLC. The filing fee of \$1,500 as required by Rule 25-30.020, F.A.C., was not provided at the time with the application.

Sections 367.045 and 367.071, F.S., and Rule 25-30.037, F.A.C., control the sale, assignment, or transfer of water and wastewater authorization (certificates), facilities or majority operational control. In order for a sale or transfer to be approved, the applicant must demonstrate that the “proposed sale, assignment, or transfer is in the public interest and that the buyer, assignee or transferee will fulfill the commitments, obligations, and representations of the utility.”¹⁰ Rule 25-30.037(j), F.A.C., further requires that the applicant demonstrate that the buyer has experience in water or wastewater utility operations and has the financial ability to provide service.

As discussed in more detail below, throughout the early part of this process the applicant repeatedly failed to provide requested relevant materials and documents necessary to evaluate his financial or managerial ability to operate the utility in accord with applicable Commission rules and regulations. In some instances, the applicant provided responses that were incomplete or contained conflicting and incorrect information.

Failure to Respond to Staff's Data Requests

The application, as filed, failed to include the information required by Rule 25-30.037(2), F.A.C. On October 7, 2014, staff requested payment of the filing fee (\$1,500) and additional data to clarify the application and resolve several of the deficiencies. A due date for responses was set for November 5, 2014. However, no responses were received within the requested timeframe. Late-filed responses were received on November 10, 2014, which partially answered one deficiency. No filing fee was provided.

Without further responses from the applicant, staff again sent letters on January 12, 2015, requesting the payment of the filing fees and the additional information necessary to process the application. A deadline for a response was set for January 22, 2015. Staff noted that the failure to pay the filing fees and provide the necessary information would result in a recommendation that the application for transfer be denied. On January 23, 2015, partial responses were and the filing fee was paid.

Staff continued its review of the filing and determined that further information was necessary to approve the applications. On February 23, 2015, staff issued a second data request, including six questions, and requested responses by March 25, 2015. On March 18, 2015, the applicant filed responses to one question and provided information that rendered another question moot. No responses to the remaining four questions, including questions regarding financial information had been provided as of the date of filing the first staff recommendation in this docket despite staff's requests.

Staff sent a third set of data requests on March 4, 2015, with a total of 13 questions, and requested responses by April 2, 2015. On March 10, 2015, staff amended the requests with an additional question that had been inadvertently omitted. On April 6, 2015, the applicant partially responded to staff's third data requests but failed to respond to certain questions regarding

¹⁰ Section 367.071(1), F.S.

financial information. Specifically, staff requested information concerning Mr. Smallridge's personal line of credit which was referenced in his meeting with Commission staff on February 26, 2015. Other than to confirm that he does have a line of credit, Mr. Smallridge did not provide the requested details regarding this account.

Conflicting Information

In addition to failing to file timely responses, many of the responses were incorrect or conflicted with previous responses. The following examples are illustrative. First, attempts to determine the amount of the total purchase price of \$450,000 allocated to each Utility and to the street lighting and garbage collection rights were repeatedly asked. In response to staff's deficiency letter dated October 7, 2014, the applicant replied that the total purchase amount was pro-rated based on number of customers: \$269,375 for Crestridge and \$180,625 for Holiday Gardens.¹¹ No dollar amount was assigned to the street lighting and trash business "[s]ince the street lights and trash are in the deed restrictions and I had to take them as part of the deal, but they have no value because they have no assets nor do they produce any profit." In response to the December 3, 2014, staff audit findings that the net book value at the time of transfer for Holiday Gardens was \$24,544 and for Crestridge was \$60,694, the applicant indicated that positive acquisition adjustments in the amount of \$156,081 and \$208,681 for each Utility, respectively, were appropriate.¹² Staff's second data request no. 4 requested documentation to support how these acquisition adjustments were made. However, on March 18, 2015, the applicant subsequently withdrew the requests for acquisition adjustments for each utility, at which time the applicant also amended the allocation of the purchase price of the utilities to reflect a cost of \$60,694 for Crestridge, \$24,544 to Holiday Gardens, and the balance of \$364,762 to street lighting and garbage collection rights. As noted above, Mr. Smallridge has asserted that these services are provided at cost and produce no profit. This assertion conflicted with the general ledger provided to audit staff which shows customers are billed approximately \$4,450 per month more than the Utilities were charged for street lighting and garbage collection services. Staff repeatedly requested additional information to verify the amount billed to customers for street lighting and garbage collection services. This information had not been provided as of the date of filing the first staff recommendation in this docket.

Second, staff repeatedly asked about the closing date for the purchase of the Utilities in order to determine the net book value of each Utility. At various times, the applicant either stated or provided documents indicating that closing took place: a) on April 11, 2014, per the terms of the Purchase Agreement; b) on August 22, 2014, as stated on the Closing Statement provided in response to staff's third data request no. 9; or c) on August 27, 2014, as stated in response to staff's third data request no. 7. Based upon filings in the SARC dockets, the closing date provided to SWFWMD was given as August 22, 2014.

Third, staff tried to verify the amount of the mortgage payment to the Seller due each month pursuant to the Purchase Agreement. Depending on the documentation provided this amount was: a) \$4,484.71 per month as stated in Section 4 of the Purchase Agreement; b) \$4,500 per

¹¹ Based on the 2013 Annual Reports, there were 615 residential customers for Crestridge and 449 residential and 7 general service customers for Holiday Gardens.

¹² A closing date of April 11, 2014, was used by the auditors for each Utility. This date was not contested by Mr. Smallridge in his subsequent responses to the audits filed on March 18, 2015.

month as stated on the first page of the Promissory Note dated August 22, 2014, provided in response to staff's first data request no. 4; or c) \$4,484.71 per month as stated on the complete Promissory Note dated August 22, 2014, provided in response to staff's third data request no. 8. The terms of the Promissory Note state that the monthly payment terms can only be changed with the written consent of the Seller. No such consent was provided.

Delays in Filing Customer Notices

Rule 25-30.030, F.A.C., requires a legal notice to be sent to state and local government agencies, nearby water utilities, and customers within seven days of the application, in addition to a newspaper publication for any transfer. At a utility's request, staff provides a listing for state and local government agencies and nearby water and wastewater utilities. This notice is allowed to be a late-filed exhibit in a transfer application, and was noted as such in the applications for both utilities. However, no such exhibits were provided by the time of staff's first data requests, nor had requests for the information been made. On October 7, 2014, as part of the first data request, staff provided examples of a legal notice and a list of entities to notify, including government agencies and other water utilities in Pasco County. On November 10, 2014, staff received a request for an electronic copy of the example legal notice, which was provided.

On January 12, 2015, staff sent reminder letters to the applicant that included another copy of the example legal notice and updated lists of government agencies and water utilities to contact, as the previous lists had expired. In his January 23, 2015, responses to staff's first data request, legal notices were provided to staff for each proposed transfer. Staff assisted the applicant with attempts to resolve several flaws with the legal notices. On February 18, 2015, the applicant filed flawed notarized affidavits, including multiple incorrect dates for the filing and mailing of the notices, and both were missing affidavits from the publishing newspapers. On March 11, 2015, the applicant submitted proper affidavits of mailing customer notices and publications. Based upon these documents, customers were notified of the transfers on February 6, 2015, approximately five months after the applications were filed.

Section 367.1214, F.S., requires that a utility notify both the Commission and its customers before changing a utility's name. Mr. Smallridge has represented that he held meetings with customers in which he notified them of the name changes and change of ownership of the utilities prior to September 10, 2014, when the application for transfer was filed. However, the Commission was not notified of the name changes until the applications for transfer were filed.

Public Interest Standard

Pursuant to Rule 25-30.037(1)(j), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service to the proposed service area. Staff believes the Buyer has ample experience in the utility regulatory process. As stated in his application,¹³ the Buyer was appointed to the Citrus County Water and Wastewater Authority, the local regulatory body for Citrus County, where he served for seven years. The Buyer also served as the "Class C" representative for the Governors Study Committee for Investor Owned Water and Wastewater Utility Systems in 2013. He maintains a regular yearly schedule of training classes through the Florida Rural Water Association and completed the NARUC Utility Rate School in 2001. He serves as the appointed circuit court receiver for Four Points Utility

¹³ Document No. 05046-14, filed September 10, 2014, Exhibit 1.

Corporation and West Lakeland Wastewater, Inc.,¹⁴ both of which have been involved in staff-assisted rate cases, limited proceedings or certificate transfer cases in the last three years. The Buyer also owns Pinecrest Utilities, LLC (Pinecrest), which was involved in a staff-assisted rate case and a tariff amendment to increase miscellaneous service charges in 2012.¹⁵ In total, the Buyer owns, is the receiver of, or is the manager of, a total of nine Class C water and wastewater facilities, seven of which are regulated by the Commission.

In 2012, the Commission found that “the application contains documentation to demonstrate that the Buyer has sufficient personal financial resources to operate and maintain the Pinecrest water system.”¹⁶ At the time the Commission made that determination, Pinecrest was the only system owned by Mr. Smallridge. Since then, the Buyer purchased Crestridge, Holiday Gardens,¹⁷ and West Lakeland Wastewater, Inc.¹⁸ In addition, Florida Utility Services 1, LLC, which is owned and operated by Mr. Smallridge, purchased Charlie Creek Utilities, LLC¹⁹ and East Marion Utilities, LLC.²⁰

Staff's First Recommendation

Notwithstanding his training and experience with both the Commission and the regulatory process, Mr. Smallridge initially failed to respond or to comply with Commission rules and procedures. As a result, on April 23, 2015, staff filed a recommendation that the Commission deny the requests for transfer of certificates for Crestridge and Holiday Gardens. The primary issues identified in staff's recommendation addressed failures to respond to data requests, conflicting information, and delays in filing customer notices. On April 27, 2015, Mr. Smallridge, through his counsel, filed a request for deferral from the agenda of the May 15, 2015, Commission Conference.

After the deferral, staff made multiple data requests in an attempt to resolve the concerns raised in the original recommendation. Staff initially had questions regarding the Buyer's financial ability to maintain and make necessary improvements to the systems currently owned, especially given the rate at which additional systems were being acquired. Staff reviewed the personal financial statements and tax returns of the Buyer, as well as the financial statements and tax returns of Florida Utility Services 1, LLC. The Buyer also provided staff with copies of recent

¹⁴ The Buyer also serves as the appointed circuit court receiver for Bimini Bay Utilities, which is not regulated by the Commission.

¹⁵ Docket Nos. 120269-WU, Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC; and 120290-WU, Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Pinecrest Utilities, LLC.

¹⁶ Order No. PSC-12-0475-PAA-WU, issued September 18, 2012, in Docket No. 110311-WU, *In re: Application for transfer of Certificate No. 588-W from Pinecrest Ranches, Inc., in Polk County, to Pinecrest Utilities, LLC*, p.3.

¹⁷ Docket No. 140176-WU, Application for approval of transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC, in Pasco County.

¹⁸ Docket No. 130065-SU, Application for transfer of Certificate No. 515-S in Polk County from West Lakeland Wastewater, Inc. to West Lakeland Wastewater, LLC. Application was withdrawn at the request of the Utility on September 11, 2014.

¹⁹ According to the Utility, an application for original certificate will be filed with the Commission no later than September 4, 2015.

²⁰ Docket No. 150091-WS, Application for approval of transfer of Certificate Nos. 490-W and 425-S from East Marion Sanitary Systems, Inc. to East Marion Utilities, LLC, in Marion County.

loan documents²¹ indicating access to additional sources of capital, as well as a three-year capital expenditure and funding estimate²² which included the status of recent improvements. Additional details regarding the Buyer's communication with customers as well as specific actions he has taken to improve the Utility since purchasing it were also provided.

Mr. Smallridge has responded promptly to staff's latest data requests and on the whole the responses are more complete and noncontradictory. Since the deferral, conversations with Mr. Smallridge's counsel about staff's areas of concern discussed above have identified conditions for certification which offer solutions to rectify these concerns. These conditions, as stated below, have been agreed to by Mr. Smallridge.

Conditional Approval to Address Concerns

Given these unique set of facts, an alternative approach to the denial of the transfer of the certificate in this case is to approve the transfer of certificate for Holiday Gardens with the following conditions:

For each Commission-related utility owned directly or indirectly by Michael Smallridge (Crestridge, Holiday Gardens, West Lakeland, East Marion, Charlie Creek and Pinecrest):

1. Pay all RAFs completely and on time.
Rule 25-30.120, FAC; Section 367.145, F.S.
2. File all annual reports on time. Each annual report filed during the period these conditions are in effect shall include a notarized affidavit stating that Michael Smallridge has not purchased, either directly or indirectly, any additional utilities during the period ending December 31st of the last year.
Rule 25-30.110, FAC; Section 367.121(1)(c), (i), F.S.
3. Meet all DEP and Water Management District requirements for operation.
Section 367.11(2), F.S.
4. Comply completely and in a timely fashion with all Commission staff data requests associated with any Smallridge utility.
Section 367.121(1)(c), (i), F.S.
5. Michael Smallridge shall not purchase, either directly or indirectly, any other Commission-regulated utilities until after December 31, 2017.
6. Michael Smallridge shall file an application for certificate for Charlie Creek and provide a status report on West Lakeland's efforts to secure the land on which its wastewater facilities are located by September 4, 2015.
7. Should Michael Smallridge fail to meet these requirements, the Commission staff shall show cause Michael Smallridge as to whether his certificate(s) should be revoked or further conditions imposed.

²¹ Document No. 04001-15, filed June 29, 2015.

²² Document No. 04718-15, filed July 28, 2015.

These conditions are either based on the Commission's rules and authorizing statutes or Mr. Smallridge's current business plans for each of the six Commission-regulated utilities that he owns either directly or indirectly. Both Mr. Smallridge and staff agree that the proposed conditions will allow the Commission to closely monitor Mr. Smallridge's compliance with the financial responsibilities associated with providing adequate service to the customers of Holiday Gardens. For that reason, staff recommends that these conditions should be imposed on this certification in the public interest.

Section 367.045(5)(a), F.S., states that "[t]he commission may grant or amend a certificate of authorization, in whole or in part or with modifications in the public interest." [emphasis added] The Commission has included conditions in prior transfer of certificate cases.²³ The conditions proposed for this transfer are directly related to the standards of technical and financial ability to provide service to the certificated territory mandated by Section 367.071(1), F.S. A decision that allows the Utility to proceed, but closely monitors its compliance with its service responsibilities, is a "modification in the public interest."

Other Matters

If the conditions above are approved, the amended application would be considered within compliance with the governing statutes and rules concerning an application for transfer of certificate. The closing date of the sales contract, based upon the most recent data response, should be August 27, 2014. Pursuant to Section 367.071(1), F.S., the sales contract was made contingent upon Commission approval.

Noticing Provisions

As noted in staff's original recommendation, customers were notified of the transfer on February 6, 2015. No objections to the notice have been filed with the Commission and the time for filing objections, based on the late notice date, has expired. A description of the territory being transferred is appended to this recommendation as Attachment A. Recorded copies of warranty deeds have been provided as part of responses to staff's data requests which are evidence that Holiday Gardens owns the land on which the water treatment facilities are located, pursuant to Rule 25-30.037(2)(q), F.A.C.

Sales Contract

Pursuant to Rule 25-30.037(2)(g), F.A.C., the application contains a copy of the sales contract, which includes the purchase price, terms of payment, and a list of the assets purchased. As noted above, the purchase contract was for the certificated utilities of Holiday Gardens and Crestridge and non-utility assets for each service territory for waste disposal and street lighting. Based upon the amended application, Holiday Gardens was acquired for \$25,544 of the \$450,000 combined purchase price.

Pursuant to Rule 25-30.037(2)(h), F.A.C., the contract addressed customer deposits, customer advances, leases, and other matters. According to the application, there are no leases, developer agreements, or guaranteed revenue contracts associated with the transfer.

²³ Order No. PSC-98-0043-FOF-WS, issued January 6, 1998, in Docket No. 951026-WS, *In re: Application for transfer of Certificates Nos. 361-W and 316-S in Citrus County from J & J Water and Sewer Corporation to Meadows Utility Company, Inc.*

Accounting Standards

Mr. Smallridge is aware that Holiday Gardens' books and records must be maintained in accordance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA).

Other Regulatory Entities

The Florida Department of Environmental Protection (DEP) sets requirements for the water system. During its March 2015 Sanitary Survey, several deficiencies were found with the water system, but these have been resolved and the system is in compliance at this time. The Utility is in the process of applying for renewal of its water use permit from SWFWMD. At this time, Mr. Smallridge has not yet paid his filing fee and has outstanding data requests. Mr. Smallridge has requested and received a time extension for filing this information until October 2, 2015.

Rates and Charges

The Utility's rates and charges were last approved in a staff-assisted rate case in 1993.²⁴ The rates were subsequently amended to reflect a four-year rate reduction required by Section 367.0816, F.S., in 1997 and numerous price indexes. In 2014, Holiday Gardens Utilities, Inc. was approved for an after-hours normal reconnection charge, a convenience charge, a late payment charge, a meter tampering charge, and initial customer deposits.²⁵ The Utility is built out and has no approved service availability charges other than a meter installation charge. The Utility's existing rates are shown on Schedule No. 2. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

Annual Reports and Regulatory Assessment Fees

Staff has verified that the Utility is current on the filing of annual reports and regulatory assessment fees (RAFs) through December 31, 2014. The Buyer will be responsible for filing the Utility's annual reports and paying RAFs for 2015 and all future years.

Conclusion

Staff recommends that with the conditions discussed herein the transfer is in the public interest and should be approved effective the date of the Commission vote. The territory being transferred is described in Attachment A. The resultant order should serve as Holiday Gardens Utilities, LLC's Certificate No. 116-W and be retained. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. Holiday Gardens Utilities, LLC should be responsible for annual reports and RAFs for 2015 and future years.

²⁴ Order No. PSC-93-0013-FOF-WU, issued January 5, 1993, in Docket No. 920418-WU, *In re: Application for staff-assisted rate case by Holiday Gardens Utilities, Inc. in Pasco County.*

²⁵ Order No. PSC-14-0017-TRF-WU, issued January 6, 2014, in Docket No. 130250-WU, *In re: Application for approval of miscellaneous service charges in Pasco County, by Holiday Gardens, Inc.*

Issue 2: What is the appropriate net book value for Holiday Garden's water system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of Holiday Gardens' water system for transfer purposes should be \$19,380 as of August 27, 2014. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Holiday Gardens should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances as of August 27, 2014. The adjustments should be reflected in the Utility's 2015 Annual Report when filed. (T. Brown, Norris)

Staff Analysis: Rate base was last established for the Utility, as of March 31, 1992.²⁶ The utility has also filed for a staff-assisted rate case in Docket No. 140177-WU. The purpose of establishing net book value (NBV) for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The utility's NBV has been updated to reflect balances, as of August 27, 2014. Staff's recommended NBV, as described below, is shown on Schedule 1.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected a UPIS balance of \$187,111, as of August 27, 2014. Audit staff reviewed UPIS additions since the last rate case proceeding in 1992 to calculate a UPIS balance that totals \$181,038. As a result, UPIS should be decreased by \$6,073 to reflect a UPIS balance of \$181,038, as of August 27, 2014. Staff's recommended UPIS balance is shown on Schedule 1.

Land

The Utility's general ledger reflected a land balance of \$3,059, as of August 27, 2014. In Order No. 21920, issued December 14, 1988, the Commission established the value of the land to be \$2,414. There have been no additions to land purchased since Order No. 21920 was issued. Therefore, staff recommends that land be reduced by \$645 to reflect land of \$2,414, as of August 27, 2014. Staff's recommended land balance is shown on Schedule 1.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$81,170, as of August 27, 2014. Audit staff calculated that the appropriate accumulated depreciation balance to be \$164,072. As a result, accumulated depreciation should be increased by \$82,902 to reflect an accumulated depreciation balance of \$164,072, as of August 27, 2014. Staff's recommended accumulated depreciation balance is shown on Schedule 1.

Contributions-in-Aid-of-Construction (CIAC) & Accumulated Amortization of CIAC

As of August 27, 2014, the Utility's general ledger reflected balances of \$85,630 for CIAC and \$85,630 for accumulated amortization of CIAC. No adjustments have been identified by staff. Therefore, staff recommends a CIAC balance of \$85,630 and accumulated amortization of CIAC balance of \$85,630, as of August 27, 2014. Staff's recommended balances for CIAC and accumulated amortization of CIAC are shown on Schedule 1.

²⁶ Order No. 93-0013-FOF-WU, issued January 5, 1993, in Docket No. 920418-WU, *In re: Application for a staff-assisted rate case by Holiday Gardens Utilities, Inc. in Pasco County.*

Net Book Value

The Utility's general ledger reflected NBV of \$109,000. Based on the adjustments described above, staff recommends that the NBV for the Utility is \$19,380, as of August 27, 2014. Staff's recommended NBV and the NARUC USOA balances for UPIS and accumulated depreciation are shown on Schedule 1, as of August 27, 2014.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. Of the total contract purchase price of \$450,000, the Buyer allocated \$24,544 to Holiday Gardens and \$60,694 to Crestridge Utilities, LLC, a sister utility. The balance of the purchase price, \$364,762, is allocated to garbage and street lighting operations.²⁷ As stated above, staff recommends that the appropriate NBV to be \$19,380. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. However, pursuant to Rule 25-30.0371(2), a positive acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances. While the Buyer did request a positive acquisition adjustment in response to staff's audit report, it was subsequently withdrawn.²⁸ Accordingly, staff recommends that no positive acquisition adjustment be approved.

Conclusion

Based on the above, staff recommends that the NBV for transfer purposes is \$19,380, as of August 27, 2014. No acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the Buyer should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances, as of August 27, 2014. The adjustments should be reflected in the Utility's 2015 Annual Report when filed.

²⁷ Document No 01503-15, filed March 18, 2015.

²⁸ Document Nos. 00882-15 and 01503-15, filed February 9, 2015, and March 18, 2015, respectively.

Issue 3: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after Holiday Gardens has provided proof that its general ledgers have been updated to reflect the Commission-approved balances, as of August 27, 2014. (Brownless)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after Holiday Gardens has provided proof that its general ledgers have been updated to reflect the Commission-approved balances, as of August 27, 2014.

Holiday Gardens Utilities, LLC
Water Territory
Pasco County

In Township 26 South, Range 16 East, Section 29

Commence at the Southwest corner of said Section 29 for a Point of Beginning. Thence run North 0 degrees 07 minutes 03 seconds East 1668.59 feet; thence South 89 degrees 40 minutes 50 seconds East 2642.58 feet; thence South 0 degrees 02 minutes 15 seconds West 667.08 feet; thence North 89 degrees 41 minutes 18 seconds West 440.58 feet; thence South 0 degrees 03 minutes 03 seconds West 832.70 feet; thence North 89 degrees 42 minutes 02 seconds West 280 feet; thence South 0 degrees 03 minutes 03 seconds West 168 feet; thence North 89 degrees 02 seconds West 100 feet; thence North 0 degrees 03 minutes 03 seconds East 168 feet; thence North 89 degrees 42 minutes 02 seconds West 501.55 feet; thence North 0 degrees 04 minutes 39 seconds East 832.88 feet; thence North 89 degrees 41 minutes 18 seconds West 440.58 feet; thence South 0 degrees 05 minutes 27 seconds West 1000.97; thence North 89 degrees 42 minutes 02 seconds West 881.63 feet to the Point of Beginning.

And

A portion of the Southwest Quarter of Section 29, Township 26 South, Range 16 East being more particularly described as follows:

Commencing at the SE corner of the SW quarter of said Section 29 for a Point of Beginning, run North 89 degrees 42 minutes 02 seconds West along said section line 1322.44 feet, thence North 00 degrees 00 minutes 39 seconds East 168 feet to a point on the boundary of the present territory served; thence the following said boundary in successful courses and distances as follows:

South 89 degrees 42 minutes 2 seconds East 501.55 feet;
South 0 degrees 3 minutes 3 seconds West 168 feet;
South 89 degrees 42 minutes 2 seconds East 100 feet;
North 0 degrees 3 minutes 3 seconds East 168 feet;
South 89 degrees 42 minutes 2 seconds East 280 feet;
North 0 degrees 3 minutes 3 seconds East 832.07 feet;
South 89 degrees 42 minutes 18 seconds East 440.58 feet;

Thence departing boundary of said present territory served; South 0 degrees 02 minutes 15 seconds West 1000.61 feet returning to the Point of Beginning.

And

The Southwest Quarter of Section 30, Township 26, Range 16 East: From the Southeast Quarter of said Section 30, also the Point of Beginning; along the Southerly line of said Section west 879 feet; thence North 1165 feet; thence East 879 feet; thence South 1165 feet returning to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

**authorizes
Holiday Gardens Utilities, LLC
pursuant to
Certificate Number 116-W**

to provide water service in Pasco 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>
5675	03/08/1973	72590-W	Original Certificate
PSC-93-1530-FOF-WU	10/19/1993	930164-WU	Amendment
*	*	140176-WU	Transfer of Certificate

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

Holiday Gardens Utilities, LLC

Water System

Schedule of Net Book Value as of August 27, 2014

Description	Balance Per		Staff
	Utility	Adjustments	Recommended
Utility Plant In Service	\$187,111	(\$6,073) A	\$181,038
Land	3,059	(645) B	2,414
Accumulated Depreciation	(81,170)	(82,902) C	(164,072)
CIAC	(85,630)	0	(85,630)
Amortization of CIAC	<u>85,630</u>	<u>0</u>	<u>85,630</u>
Net Book Value	<u>\$109,000</u>	<u>(\$89,620)</u>	<u>\$19,380</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of August 27, 2014
Water System**

Explanation	Amount
A. Utility Plant In Service To reflect appropriate amount of utility plant in service.	<u>(\$6,073)</u>
B. Land To reflect appropriate amount of land.	<u>(\$645)</u>
C. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$82,902)</u>
 Total Adjustments to Net Book Value as of August 27, 2014.	 <u>(\$89,620)</u>

Holiday Gardens Utilities, LLC
Water System

Schedule of Staff Recommended Account Balances as of August 27, 2014

Account			Accumulated
No.	Description	UPIS	Depreciation
304	Structures & Improvements	\$5,844	(\$5,844)
307	Wells and Springs	11,612	(11,612)
309	Supply Mains	5,595	(3,411)
310	Power Generating Equipment	1,323	(1,324)
311	Pumping Equipment	22,152	(14,459)
320	Water Treatment Equipment	2,271	(2,271)
330	Dist. Reservoirs & Standpipes	11,328	(5,495)
331	Transmission & Dist. Mains	64,397	(64,397)
333	Services	21,801	(21,801)
334	Meters & Meter Installations	28,386	(27,973)
335	Hydrants	5,120	(4,274)
340	Office Equipment & Furniture	431	(431)
345	Power Operated Equipment	<u>780</u>	<u>(780)</u>
	Total	<u>\$181,038</u>	<u>(\$164,072)</u>

**Holiday Gardens Utilities, Inc.
 Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" X 3/4"	\$7.64
3/4"	\$11.45
1"	\$19.14
1-1/2"	\$38.23
2"	\$61.22
3"	\$122.45
4"	\$191.29
6"	\$382.59

Charge per 1,000 Gallons – Residential and General Service \$1.35

Initial Customer Deposits

Residential - 5/8" X 3/4"	\$24.00
General Service - All Meters	2 times the average estimated bill

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$15.00	N/A
Normal Reconnection Charge	\$15.00	\$30.00
Violation Reconnection Charge	\$15.00	N/A
Premises Visit Charge (in lieu of disconnection)	\$10.00	N/A
Convenience Charge	\$2.50	
Late Payment Charge	\$5.25	
Meter Tampering Charge	\$50.00	

Service Availability Charges

Meter Installation Charge

5/8" x 3/4"	\$75.00
All other meter sizes	Actual Cost

Item 7

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Hill, King) *BK*
Division of Accounting and Finance (Fletcher, Frank, Norris) *DF*
Division of Economics (Thompson) *ALM*
Office of the General Counsel (Villafrate) *DF*

RE: Docket No. 150113-WS – Application for transfer of majority organizational control of Orange Blossom Utilities, Inc., holder of Certificate Nos. 639-W and 548-S in Sumter County, from Nancy Steinmetz Roach to Jonathan S. Dean.

AGENDA: 09/15/15 – Regular Agenda – Tariff Filing for Issue 2 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: 10/27/15 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

Orange Blossom Utilities, Inc. (Orange Blossom or Utility) is a water and wastewater utility serving approximately 32 customers in Sumter County. Original Certificate Nos. 639-W and 548-S were approved by Order No. PSC-07-0951-FOF-WS, issued November 29, 2007.

On April 2, 2015, an application for authority for transfer of majority organizational control was filed by Orange Blossom. On August 27, 2015, Orange Blossom requested that non-sufficient funds (NSF) charges be added to the water and wastewater tariffs. Staff identified several deficiencies in a letter to Orange Blossom on May 19, 2015. The Utility's response on June 23,

Docket No. 150113-WS
Date: September 3, 2015

2015, satisfied these deficiencies. The Commission has jurisdiction in this case pursuant to Section 367.071, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the application for transfer of majority organizational control of Orange Blossom Utilities, Inc. in Sumter County from Nancy Steinmetz Roach to Jonathan S. Dean be approved?

Recommendation: Yes. The transfer of majority organizational control from Nancy Steinmetz Roach to Jonathan S. Dean is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water and wastewater certificates, with the territory described in Attachment A. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), Florida Administrative Code, (F.A.C.). (Hill, Frank, Thompson)

Staff Analysis: This application is for the transfer of majority organizational control of Orange Blossom Utilities, Inc., from Nancy Steinmetz Roach to Jonathan S. Dean (Buyer). Based on staff's review, the application is in compliance with the governing statute, Section 367.071, F.S., and Rule 25-30.037(3), F.A.C., concerning applications for transfer of majority organizational control.

Noticing, Territory, and Ownership

The applicants provided proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed with the Commission, and the time for doing so has expired. The notice contains a description of the territory for Orange Blossom, which is appended to this recommendation as Attachment A. The application does not involve transfer of the facilities and Orange Blossom will continue to own the land where the water and wastewater treatment plants are currently located. The application includes evidence of this deed pursuant to Rule 25-30.037(3)(i), F.A.C.

Technical and Financial Ability

Pursuant to Rule 25-30.037(3)(f), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service. The transfer application states that the Buyer has sufficient financial assets to ensure the continuing operation of the Utility. Staff reviewed the financial statements of the Buyer¹ and believes he has the financial capability to provide any necessary funding. According to the application, the public interest is served by the continuity of management in the Utility as the shares of the majority owner are purchased by the Buyer, who has been a shareholder of the corporation since its inception. Based on the information above, staff recommends that the Buyer has the technical and financial capability to provide service to the existing service territory.

¹ Document No. 03862-15, p. 2.

Rates and Charges

The Utility's rates and charges were last approved in an original certificate docket in 2007.² Additionally, since the original certificate, the Utility has received three index price increases. The Utility's existing rates and charges are shown on Schedule No. 1 for water and Schedule No. 2 for wastewater. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), F.A.C.

Conclusion

Based on the above, staff recommends that the transfer of majority organizational control from Nancy Steinmetz Roach to Jonathan S. Dean is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water and wastewater certificates, with the territory described in Attachment A. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), F.A.C.

² Order No. PSC-08-0255-PAA-WS, issued April 24, 2008, in Docket No. 070391-WS, *In re: Application for certificates to provide water and wastewater service in Sumter County by Orange Blossom Utilities, Inc.*

Issue 2: Should Orange Blossom be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. Staff recommends that the Utility revise its tariffs to reflect the NSF charges currently set forth in Sections 832.08(5) and 68.065(2), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice. (Thompson)

Staff Analysis: Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. The Commission has authority to establish, increase, or change a rate or charge. Staff recommends that the Utility should be authorized to collect NSF charges consistent with Sections 832.08(5) and 68.065(2), F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Sections 832.08(5) and 68.065(2), F.S., the following NSF charges may be assessed:

1. \$25, if the face value does not exceed \$50,
2. \$30, if the face value exceeds \$50 but does not exceed \$300,
3. \$40, if the face value exceeds \$300,
4. or five percent of the face amount of the check, whichever is greater.

Approval of NSF charges is consistent with prior Commission decisions.³ Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers. As such, staff recommends that the Utility revise its tariffs to reflect the NSF charges currently set forth in Sections 832.08(5) and 68.065(2), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the NSF charges should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice.

³ Order No. PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 140030-SU, *In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc.*, and Order No. PSC-13-0646-PAA-WU, issued November 1, 2013, in Docket No. 130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

Issue 3: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issues 1 and 2, the tariffs should become effective on September 15, 2015. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Villafrate)

Staff Analysis: If the Commission approves staff's recommendation in Issues 1 and 2, the tariffs should become effective on September 15, 2015. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Orange Blossom Utilities, Inc.
Water and Wastewater Service Area
Sumter County

Section 15, Township 18 South, Range 23 East

Begin at a point 1442.39 feet East of the Northwest corner of Section 15, Township 18 South, Range 23 East, Sumter County, Florida; thence run S. 89°59'25" E., 1442.24 feet; thence run S. 45°03'32" E., 49.56 feet; thence run S. 00°07'42" E., 14.99 feet; thence run S. 89°59'45" E., 14.99 feet; thence run S. 45°03'32" E., 14.16 feet; thence run S. 00°07'39" E., 1271.93 feet; thence run S. 89°55'20" W., 661.67 feet; thence run S. 00°05'52" E., 609.07 feet to the Northerly right-of-way line of County Road No. 466; thence run along said Northerly right-of-way the following courses: N. 45°43'48" W., 96.20 feet to the point of curvature of a curve concave Southwesterly having a radius of 1960.08 feet and a central angle of 26°40'29"; thence run along the arc of said curve 912.54 feet said arc having a chord bearing of N. 59°08'15" W.; and a chord distance of 904.32 feet; thence departing said right-of-way run N. 00°01'25" E., 1411.10 feet to the point of beginning.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

**Orange Blossom Utilities, Inc.
Pursuant to
Certificate Number 639-W**

to provide water service in Sumter 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>
PSC-07-0951-FOF-WS	11/29/2007	070391-WS	Original Certificate
PSC-07-0391-PAA-WS	04/24/2008	070391-WS	Initial Rates and Charges
*	*	150113-WS	Transfer Majority Organizational Control

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

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

**Orange Blossom Utilities, Inc.
Pursuant to
Certificate Number 548-S**

to provide wastewater service in Sumter 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>
PSC-07-0951-FOF-WS	11/29/2007	070391-WS	Original Certificate
PSC-07-0391-PAA-WS	04/24/2008	070391-WS	Initial Rates and Charges
*	*	150113-WS	Transfer Majority Organizational Control

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

**Orange Blossom Utilities, Inc.
 Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$15.48
3/4"	\$23.22
1"	\$38.71
1 1/2"	\$77.41
2"	\$123.86
3"	\$270.95
4"	\$464.47
6"	\$967.65
8"	\$1,393.40

Charge Per 1,000 gallons	\$1.43
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Initial Customer Deposit

Residential Service and General Service

5/8" x 3/4"	\$52.00
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Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	\$30.00	\$40.00
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00
Late Payment Charge		\$6.00
NSF Check Charge	Pursuant to Florida Statute 832.08(5)	

**Orange Blossom Utilities, Inc.
Water Service Availability Charge**

Main Extension Charge

Residential – Per ERC	\$1,440.00
All Other per gallon	\$4.80

Meter Installation Charge

5/8" x 3/4"	\$150.00
Over 5/8" x 3/4"	Actual Cost

Plant Capacity Charge

Residential – Per ERC	\$560.00
All Other per gallon	\$1.87

**Orange Blossom Utilities, Inc.
 Monthly Wastewater Rates**

Residential Service

Base Facility Charge – All Meter Sizes	\$26.47
Charge Per 1,000 gallons 10,000 gallon cap	\$3.13

General Service

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$26.47
3/4"	\$39.72
1"	\$66.19
1 1/2"	\$132.39
2"	\$211.82
3"	\$463.37
4"	\$794.34
6"	\$1,654.88
8"	\$2,383.03
Charge Per 1,000 gallons	\$3.13

Initial Customer Deposit

Residential Service and General Service

5/8" x 3/4"	\$102.00
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Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00
Late Payment Charge		\$6.00
NSF Check Charge	Pursuant to Florida Statute 832.08(5)	

**Orange Blossom Utilities, Inc.
Wastewater Service Availability Charges**

Main Extension Charge

Residential – Per ERC	\$4,450.00
All Other per gallon	\$14.83

Plant Capacity Charge

Residential – Per ERC	\$1,050.00
All Other per gallon	\$3.50

Item 8

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Ollila) *S.O. E.S. PP*
Office of the General Counsel (Mapp) *EM JCB*

RE: Docket No. 150159-EI – Petition for approval of tariff revisions to implement customer relationship management (CRM) project, by Tampa Electric Company.

AGENDA: 09/15/15 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived by the Company Until the 9/15/15 Agenda Conference

SPECIAL INSTRUCTIONS: Place Docket No. 150160-GU adjacent to this docket

RECEIVED FPSC
15 SEP - 3 AM 9:14:5

Case Background

On June 25, 2015, Tampa Electric Company (Tampa Electric or the Company) filed a petition for approval of tariff revisions related to the implementation of Tampa Electric's and Peoples Gas System's (Peoples) Customer Relationship Management (CRM) project. Tampa Electric and Peoples are both owned by TECO Energy. Tampa Electric seeks approval of modifications to its levelized payment plan, deposit, and summary billing tariff provisions so as to align these provisions with those proposed by Peoples in Docket No. 150160-GU.

Currently, Tampa Electric and Peoples are served by legacy mainframe customer billing and meter information systems. The CRM project will update and modernize these systems with new hardware and software. Tampa Electric requests approval of its proposed tariff revisions to be effective on the transition date to the CRM system, expected to occur on or about July 5, 2016.

Docket No. 150159-EI
Date: September 3, 2015

Tampa Electric and Peoples met with staff and the Office of Public Counsel in noticed meetings on March 31 and June 1, 2015, to provide an overview of the CRM project. Staff issued one data request. On August 19, 2015, Tampa Electric filed a corrected tariff page to correct an inadvertent omission. The proposed tariff pages are contained in Attachment 1. The tariff pages are in legislative format in order to display the proposed changes in type-and-strike. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric's proposed tariff revisions?

Recommendation: Yes. The Commission should approve Tampa Electric's proposed tariff revisions effective on the transition date of the CRM system, expected to occur on or about July 5, 2016. No later than 30 days prior to the transition date the Company should notify the Commission in writing of the actual transition date. (Ollila)

Staff Analysis: Tampa Electric proposes changes to its levelized payment plan, deposits, and summary billing. Each of the proposed changes is discussed below.

Proposed Tariff Changes

Levelized Payment Plan

The Levelized Billing Plan is an option available to residential and small commercial customers. It is designed to levelize or smooth out the peaks and valleys in monthly payments for metered electric service. The levelized monthly payment is calculated based on average monthly consumption, including the current month, for the most recent 12 full months. The levelized amounts, which are adjusted every month, are less volatile than standard billing amounts; however, they are rarely the same for two or more consecutive months. According to Tampa Electric, most customers expect the same payment every month from a budget billing-type plan. The Company further states that continual monthly adjustments to the payment make the plan more difficult for consumers to understand and for Tampa Electric's customer service representatives to explain.

The Company proposes replacing the Levelized Payment Plan with the Budget Billing Plan, consistent with Peoples' proposed plan in Docket No. 150160-GU. Under the proposed plan, a monthly budgeted amount will be calculated by taking the average of the previous 12 months of electric billing amounts, including applicable taxes and fees. On the anniversary date of the customer's election to participate in the proposed plan, the monthly payment amount will be replaced with a recalculated amount based on the most current 12-month period. Any deferred balance will be trued-up by crediting next month's bill with a deferred credit or by applying 1/12 of a deferred debit to the newly calculated monthly payment amount. The Company may also recalculate the amount on a date other than the anniversary at the customer's request or at its quarterly review. If the recalculated amount differs by 15 percent or more from the budget bill, the budgeted amount may change to the recalculated amount.

The proposed Budget Billing Plan has less restrictive qualifying criteria than the current plan. Under the Levelized Billing Plan a customer must not have a balance due in order to participate, which means that the customer can only sign up for the plan between the time the current bill is paid and the next bill is received. Tampa Electric proposes that the qualification be changed so that customers without an overdue amount and no pending service disconnection for non-payment will be eligible.

Deposits

Tampa Electric proposes to add an option for residential customers that will verify credit through an external/independent credit monitoring service to determine if the security deposit may be

waived. According to Tampa Electric, the credit verification will have no impact on a customer's credit score. The Company has made this voluntary option available to customers in the past; however, the option was not described in the tariff.

Summary Billing Plan

Tampa Electric currently offers a summary billing plan to customers with ten or more accounts and no bills in arrears. Under the plan, customers receive a single date for the billing and payment of the accounts included in the plan. The current plan requires that the accounts included in summary bills be separated into groups and that the groups be billed once a month. According to the Company, most plan customers prefer to receive one bill per month; therefore, Tampa Electric proposes that the separation of accounts into groups be an option, rather than a requirement. The current plan also states that a customer's failure to pay within ten days from the mailing date of the summary bill *will* result in the customer's removal from the plan; the proposed plan replaces "will" with "may." Tampa Electric avers that this program is mutually beneficial to the customer and Company; therefore, Tampa Electric will work with customers to keep them on the program.

Communications Plan

Tampa Electric plans to carry out what it describes as a comprehensive communications plan so that customers and others affected by the proposed changes will be fully informed. The Company's plan includes the use of various owned media (e.g., bill inserts, newsletters, websites, etc.) and external media (e.g., newspaper/online advertisements, social media, press releases, etc.) to communicate the CRM project changes and benefits to its customers. The communications will be tailored to each customer segment.

Proposed Effective Date

Tampa Electric expects the transition date of the CRM system to occur on or about July 5, 2016. The Company requests that, if approved, the proposed tariff revisions be made effective as of the transition date.

Summary

Staff believes Tampa Electric's proposed tariff revisions are reasonable and should be approved. No later than 30 days prior to the transition date the Company should notify the Commission in writing of the actual transition date.

Issue 2: Should this docket be closed?

Recommendation: No. If a protest is filed within 21 days of the issuance of the order, any revenues collected once the tariff becomes effective should be held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Mapp)

Staff Analysis: If a protest is filed within 21 days of the issuance of the order, any revenues collected once the tariff becomes effective should be held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.



~~THIRD-FOURTH~~ REVISED SHEET NO. 3.020
CANCELS ~~SECOND-THIRD~~ REVISED SHEET NO. 3.020

LEVELIZED PAYMENT PLAN BUDGET BILLING PLAN

(OPTIONAL)

~~Residential Customers served under RS and General Service Customers served under GS may elect budget billing to help levelize monthly payments for metered electric service. To qualify for the levelized payment plan, a customer must have no balance owing when beginning the plan, and must not have been disqualified from the plan within the past 12 months. Tampa Electric shall have 30 days to enact the plan upon receipt and approval of the application.~~

~~The levelized monthly payment is based on the average monthly consumption, including the current month for the most recent 12 months, or available full months for new service, at the current applicable charges. Cumulative balances between the levelized monthly payments and standard billing amounts of less than \$250.00 and \$250.00 or more shall be reduced on each bill by 10% and 20% respectively. Extraneous charges not related to metered kWh are added to arrive at the current amount due.~~

~~The levelized payment plan will be continuous unless the customer requests termination from the plan, disconnection, or has more than one arrears per year initiating field collection procedures, at which time the plan will be terminated and the customer must settle his account in full. For the customer terminating from the plan but remaining on an active status, any deferred credit balance will be applied to reduce the current billing. The customer may terminate from the plan at any time. Any customer who is disqualified because of collection action may not re-join for at least 12 months.~~

~~Residential Customers taking service under Rate Schedule RS and General Service Non-Demand Customers may elect to make budgeted monthly payments of amounts due the Company to help stabilize their monthly payments. Residential customers taking service under the Residential Service Variable Pricing Rate Schedule, RSVP-1, also known as "Energy Planner", may not participate in Budget Billing. To qualify for a Budget Billing plan, a customer must have no overdue balance or pending service disconnection for non-payment when beginning the plan. The Company shall have 30 days following a Customer's request to participate in the Budget Billing Plan to implement such participation.~~

~~if a Customer requests to make budgeted payments, the initial budgeted payment amount is based on an average of the previous twelve (12) months bills due the Company, including all applicable fees and taxes. If the Customer has not received electric service from the Company for the preceding twelve (12) months, the Company will use the best information available to calculate the initial monthly payment amount. After the Customer's budgeted monthly payment amount has been initially established, the Company may recalculate the payment from time to time. If the recalculated budgeted payment amount varies by fifteen (15) percent or more from the~~

ISSUED BY: J. B. Rami G. L. Gillette,
President

DATE EFFECTIVE: ~~March 1, 1997~~



THIRD-FOURTH REVISED SHEET NO. 3.020
CANCELS SECOND-THIRD REVISED SHEET NO. 3.020

budgeted payment amount then in effect, the Company may begin charging the recalculated amount on Customer's next successive bill.

Any current and total deferred balance will be shown on the Customer's bill. The Customer's budgeted payment amount will be recalculated on each anniversary of the Customer's initial participation in the plan. On such recalculation, any credit deferred balance will be refunded to the Customer and one-twelfth (1/12) of any debit deferred balance will be added to the following year's recalculated budgeted monthly payment amount.

An electing Customer's participation in the Budget Billing Plan will be continuous unless the customer requests that participation in the plan be terminated, electric service is terminated, or the Customer has had more than one arrears per year initiating field collection procedures. At that time, the Customer's participation in the plan will be terminated and the Customer shall settle his account with the Company in full. If a Customer requests to terminate participation in the plan, but remains a Customer of the Company, the Customer shall pay any deferred debit balance with the next regular monthly bill, and any deferred credit balance shall be used to reduce the amount due for the next regular monthly bill. An electing customer may request that participation be terminated at any time. Any Customer who is disqualified because of collection action may not rejoin for at least twelve (12) months.

ISSUED BY: J. B. Ramil G. L. Gillette,
President

DATE EFFECTIVE: March 1, 1997



~~FIFTH-SIXTH~~ REVISED SHEET NO. 5.130
CANCELS ~~FOURTH-FIFTH~~ REVISED SHEET NO. 5.130

Continued from Sheet No. 5.120

2.12 DEPOSITS

At the company's option, a deposit amount of up to two (2) month's average billing, or a suitable guarantee as security for payment for electric service, may be required at any time. Initial deposits for new premises are calculated based on the customer's submission of electrical load information. This information is then utilized to estimate average monthly usage. Initial deposits for existing premises, where typical usage has registered in the past 6 months, is calculated by accessing historical usage. If such historical usage is not available, a load calculating tool is used to establish average usage based on square footage of dwelling. As a suitable guarantee the applicant for service may furnish either (1) a satisfactory guarantor to secure payment of bills for the service requested, (2) an irrevocable letter of credit from a bank, or (3) a surety bond. For residential customers, a satisfactory guarantor shall, at the minimum, be a customer with a satisfactory payment record. For non-residential customers, a satisfactory guarantor need not be a customer of the utility. Each utility shall develop minimum financial criteria that a proposed guarantor must meet to qualify as a satisfactory guarantor. A copy of the criteria shall be made available to each new non-residential customer upon request by the customer.

After a residential customer has established a satisfactory payment record and has had continuous service for a period of twenty-three (23) months, the customer's deposit shall be refunded provided the customer has not in the preceding twelve (12) months, (a) made more than one late payment of a bill (after the expiration of twenty (20) days from the date of mailing or delivery by the company), (b) paid with a check refused by a bank, (c) been disconnected for nonpayment, or at any time, (d) tampered with the electric meter, or (e) used service in a fraudulent or unauthorized manner.

A minimum of two percent (2%) interest per annum on deposits shall be credited to the current bill annually and when deposits are refunded. Interest of three percent (3%) shall be paid on deposits of non-residential customers after the deposits have been held for twenty-three (23) months and the company elects not to refund the deposits. The deposit interest shall be simple interest in all cases. No customer depositor shall be entitled to receive interest on his deposit until and unless the customer relationship and the deposit have been in existence for a continuous period of six (6) months, then he shall be entitled to receive interest from the day of the commencement of the customer relationship and the placement of deposit.

Upon termination of service, and provided all bills have been paid in full, the deposit and accrued interest may be credited against the final account and the balance if any, shall be returned promptly to the customer within fifteen (15) days after service is discontinued.

Continued to Sheet No. ~~5-1405.135~~

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: ~~July 26, 2012~~



ORIGINAL SHEET NO. 5.135

Continued from Sheet No. 5.130

At the Residential Customer's option, the Company will verify the Customer's credit through an external credit monitoring service to determine if the customer meets the company's credit-worthiness criteria allowing the security deposit to be waived. This type of credit verification will have no impact on the Customer's credit score.

Continued to Sheet No. 5.140

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE:



~~FIRST-SECOND~~ REVISED SHEET NO. 3.025
CANCELS ~~ORIGINAL-FIRST~~ REVISED SHEET NO. 3.025

SUMMARY BILLING PLAN

(OPTIONAL)

A Customer with ten (10) or more Tampa Electric accounts and no bill in arrears may request a single statement for the billing and payment of those accounts under this Summary Billing Plan. With Summary Billing, the Customer designates which accounts are to be included in the plan. Those accounts ~~will may then~~ be separated into groups each of which will be billed once a month on cycle billing days as ~~designed-designated~~ by the Company.

Tampa Electric will read each meter and calculate a billing amount for each account separately. The billing amount for each of the designated accounts will be totaled on a Summary Billing statement, with each of the individual account bills attached as backup, and a single totaled bill will be included for remittance. Summary bills are due when rendered. If the summary bill is not-and-must-be paid in full within ten (10) days from the mailing date, the customer may be removed from-in-order-to-remain-on the Summary Billing Plan.

ISSUED BY: ~~G. R. Black~~ G. L. Gillette,
President

DATE EFFECTIVE: ~~May 7, 2009~~



~~THIRTEENTH~~FOURTEENTH-REVISED SHEET NO. 3.010
CANCELS ~~TWELFTH~~THIRTEENTH REVISED SHEET NO.
3.010

MISCELLANEOUS

<u>SCHEDULE</u>	<u>TITLE</u>	<u>SHEET NO.</u>
	Levelized Payment Plan <u>Budget Billing Plan</u> (Optional)	3.020
	Summary Billing Plan (Optional)	3.025
	Service Charges	3.030
	Home Energy Analysis	3.040
	Commercial and Industrial Energy Analysis	3.050
RSL-3	Load Management (Optional)	3.110
GSLM-1	General Service Load Management Rider	3.150
GSSG-1	Standby Generator Rider	3.200
GSLM-2	General Service Industrial Load Management Rider	3.210
GSLM-3	General Service Industrial Standby and Supplemental Load Management Rider	3.230
BERS	Building Energy-Efficient Rating System	3.250
NM-1	Net Metering Service	3.255
RE	Renewable Energy Program (Optional)	3.270

ISSUED BY: ~~C. R. Black~~G. L. Gillette,
President

DATE EFFECTIVE: ~~May 12, 2009~~

Item 9

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Ollila) *A.O. EAD*
Office of the General Counsel (Mapp) *MM JSC 08*

RE: Docket No. 150160-GU – Petition for approval of tariff revisions to implement customer relationship management (CRM) project, by Peoples Gas System.

AGENDA: 09/15/15 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived by the Company Until the 9/15/15 Agenda Conference

SPECIAL INSTRUCTIONS: Place Docket No. 150159-EI adjacent to this docket

15 SEP -3 AM 9:45
RECEIVED-FPSC

Case Background

On June 25, 2015, Peoples Gas System (Peoples or the Company) filed a petition for approval of tariff revisions related to the implementation of Peoples' and Tampa Electric Company's (Tampa Electric) Customer Relationship Management (CRM) project. Peoples and Tampa Electric are both owned by TECO Energy. Peoples seeks approval of modifications to its budget pay plan and deposit tariff provisions as well as the addition of summary billing so as to align these provisions with those proposed by Tampa Electric in Docket No. 150159-EI. In addition, Peoples proposes a modification to its Rider Natural Choice Transportation Service (Rider NCTS).

Currently, Peoples and Tampa Electric are served by legacy mainframe customer billing and meter information systems. The CRM project will update and modernize these systems with new hardware and software. Peoples requests approval of its proposed tariff revisions to be effective on the transition date to the CRM system, expected to occur on or about July 5, 2016.

Docket No. 150160-GU
Date: September 3, 2015

Peoples and Tampa Electric met with staff and the Office of Public Counsel in noticed meetings on March 31 and June 1, 2015, to provide an overview of the CRM project. Staff issued one data request. The proposed tariff pages are contained in Attachment 1. The tariff pages are in legislative format in order to display the proposed changes in type-and-strike. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.05, and 366.06, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve Peoples' proposed tariff revisions?

Recommendation: Yes. The Commission should approve Peoples' proposed tariff revisions effective on the transition date of the CRM system, expected to occur on or about July 5, 2016. No later than 30 days prior to the transition date the Company should notify the Commission in writing of the actual transition date. (Ollila)

Staff Analysis: Peoples proposes changes to its budget pay plan, deposits, and Rider NCTS. In addition, Peoples proposes to add a summary billing option. Each of the proposed changes is discussed below.

Proposed Tariff Changes

Budget Pay Plan

Peoples' Budget Pay Plan is an option for residential customers designed to help customers stabilize their monthly payments. Currently, the budgeted payment is recalculated on each anniversary of the customer's participation in the plan. At that time, any credit deferred balances are refunded and 1/12 of any debit deferred balances are added to the monthly recalculated balance. From time to time during the year, Peoples reviews the monthly budgeted amount and compares it to a recalculated amount. If the recalculated amount varies by 25 percent or more from the budgeted amount, the Company may begin to charge the recalculated amount.

Peoples proposes to change the name of its Budget Pay Plan to Budget Billing Plan. The proposed Budget Billing Plan modifies the current plan by extending its availability to small commercial customers, changing the qualifying criteria, and changing the 25 percent variance allowance to 15 percent. Currently, in order to qualify, a customer must have no owed balance, allowing only a short window of opportunity between the payment of the current bill and receipt of a new bill. Under the proposed plan the customer must have no overdue amount and no pending disconnection for non-payment to qualify. The 25 percent variance amount is being reduced to 15 percent primarily because 25 percent, while not significant for residential gas bills, according to Peoples, can be significant for residential electric bills. Peoples and Tampa Electric agree that a 15 percent threshold would have little impact on Peoples' customers and at the same time, it would mitigate potential volatility for Tampa Electric's customers and allow both companies to have the same budget billing process.

Deposits

Currently, residential customers may provide a recent credit reference from another gas or electric utility reflecting a good credit rating for the prior 12 months in order to establish credit, allowing the deposit to be waived. According to Peoples, this method is an outdated and time consuming process that is losing favor with utilities. Peoples proposes to replace it with an optional credit verification through an external/independent credit monitoring service to determine if the security deposit may be waived. As with Tampa Electric, Peoples states that the proposed verification will not have an impact on a customer's credit score.

Rider NCTS

Peoples' current Rider NCTS allows firm service customers who use more than 2,000 therms per year to purchase natural gas through a third-party supplier or pool manager. Rider NCTS customers who would like to change to a different pool manager must make the request prior to the 21st day of the current month in order for service to commence on the first day of the following month. Consequently, customers often received pro-rated bills from two pool managers because the billing cycle may not always begin on the first of the month. Peoples' proposal in this proceeding changes the effective start date of a pool manager change to the customer's next billing period; thus, the customer would receive only one pool manager's bill in a billing cycle.

Summary Billing Plan

Peoples requests approval of a new Summary Billing Plan similar to Tampa Electric's plan and proposed changes in Docket No. 150159-EI. The plan would offer summary billing to customers who have ten or more accounts. Peoples would read each meter and calculate a bill for each account separately, with the amount totaled on a summary billing statement (with the individual bills attached as back-up). Customers would have the option to separate accounts into groups. If a customer fails to pay within ten days of mailing, the customer may be removed from the program; however, no delinquency actions will be taken unless the summary bill remains unpaid for more than 20 days.

Communications Plan

Peoples plans to carry out what it describes as a comprehensive communications plan so that customers and others affected by the proposed changes will be fully informed. The Company's plan includes the use of various owned media (e.g., bill inserts, newsletters, websites, etc.) and external media (e.g., newspaper/online advertisements, social media, press releases, etc.) to communicate the CRM project changes and benefits to its customers. The communications will be tailored to each customer segment.

Proposed Effective Date

Peoples expects the transition date of the CRM system to occur on or about July 5, 2016. The Company requests that, if approved, the proposed tariff revisions be made effective as of the transition date.

Summary

Staff believes that Peoples' proposed tariff revisions are reasonable and should be approved. No later than 30 days prior to the transition date the Company should notify the Commission in writing of the actual transition date.

Issue 2: Should this docket be closed?

Recommendation: No. If a protest is filed within 21 days of the issuance of the order, any revenues collected once the tariff becomes effective should be held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Mapp)

Staff Analysis: If a protest is filed within 21 days of the issuance of the order, any revenues collected once the tariff becomes effective should be held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~First~~^{Second} Revised Sheet No. 5.401-3
Cancels ~~Original-First~~ Sheet No. 5.401-3

BILLING (Continued)

I. BUDGET ~~PAY-BILLING~~ PLAN (optional)

Residential Customers (RS) and Small Commercial Customers (SCS) may elect to make budgeted monthly payments of amounts due the Company to help stabilize their monthly payments. To qualify for the Budget ~~Pay~~^{Billing} Plan, a customer must ~~be a year-round customer and have no overdue balance or pending service disconnection for non-payment owing~~ when beginning the plan. The Company shall have 30 days following a Customer's request to participate in the ~~Budgeted payment-Billing~~ Plan to implement such participation.

If a Customer requests to make budgeted payments, the initial budgeted payment amount is based on an average of the previous ~~twelve (12)~~ months bills due the Company, including all applicable fees and taxes. If the Customer has not received Gas Service from the Company for the preceding ~~twelve (12)~~ months, the Company will use the best information available to calculate the initial monthly payment amount. After the Customer's budgeted monthly payment amount has been initially established, the Company may recalculate the payment from time to time. If the recalculated budgeted payment amount varies by ~~25-fifteen (15)~~ percent or more from the budgeted payment amount then in effect, the Company may begin charging the recalculated amount on Customer's next successive bill.

Any current and total deferred balance will be shown on the Customer's bill. The Customer's budgeted payment amount will be recalculated on each anniversary of the Customer's initial participation in the plan. On such recalculation, any credit deferred balance will be refunded to the Customer, and one-twelfth (1/12) of any debit deferred balance will be added to the following year's recalculated budgeted monthly payment amount.

An electing Customer's participation in the ~~Budgeted payment-Billing~~ Plan will be continuous unless the customer requests that participation in the plan be terminated, ~~or that Gas Service be is terminated~~, or the Customer ~~has had more than one arrears per year initiating field collection procedures is delinquent in paying the budgeted payment amount for two successive months.~~ At that time, the Customer's participation in the plan will be terminated and the Customer shall settle his account with the Company in full. If a Customer requests to terminate participation in the plan, but remains a Customer of the Company, the Customer shall pay any deferred debit balance with his next regular monthly bill, and any deferred credit balance shall be used to reduce the amount due for the next regular monthly bill. An electing customer may request that participation be terminated at any time. Any Customer who is disqualified because of collection action may not rejoin for at least twelve (12) months.

Issued By: G. L. Gillette, President
Issued On: ~~October 19, 2011~~

Effective: ~~March 13, 2012~~

Peoples Gas System
a Division of Tampa Electric Company Original Volume No. 3 ~~Third-Fourth~~ Revised Sheet No. 7.301-1
Cancels ~~Second-Third~~ Revised Sheet No. 7.301-1

SMALL GENERAL SERVICE (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

Note: Company's Budget Billing Plan is available to eligible Customers receiving Gas Service pursuant to this rate schedule (See Sheet No. 5.401-3)

Issued By: G. L. Gillette, President
Issued On: ~~December 14, 2011~~

Effective: ~~January 1, 2013~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~First~~Second Revised Sheet No. 5.301
Cancels ~~Original~~First Sheet No. 5.301

III

DEPOSITS

A. ESTABLISHMENT OF CREDIT

Each prospective Customer shall establish credit prior to the commencement of Gas Service by Company by one of the following methods:

1. Making a cash deposit with Company equal to two (2) times the estimated average monthly bill to be rendered by Company.
2. In the case of a residential Customer, ~~at the customer's option, the Company will perform a credit verification through an external credit monitoring service to determine if the Customer meets the Company's creditworthiness criteria allowing the security deposit to be waived. This type of credit verification will have no impact on the customer's credit score, furnishing a recent credit reference from another Gas or electric utility reflecting a good credit rating for the prior twelve (12) consecutive months.~~

A former residential Customer of the Company who (within six months of the time of discontinuing service, and who has, for the twelve (12) months immediately preceding his termination, established a satisfactory payment record as set forth in Section F below) requests service under the same rate schedule shall be deemed to have established credit.

3. In the case of a residential Customer, furnishing a guarantor, satisfactory to Company, to secure payment of bills for the Gas Service requested. A satisfactory guarantor shall, at the minimum, be a Customer of Company with a satisfactory payment record.
4. Furnishing an irrevocable letter of credit from a bank, or a surety bond, issued by a Company with an A.M. Best Rating Service rating of B/VI or higher for bonds up to \$50,000 in amount and a rating of A-/VII or higher for bonds over \$50,000 in amount.

The amount of such deposit, letter of credit or surety bond shall be equal to two (2) times the estimated average monthly bill for service hereunder.

5. a. By possessing and maintaining a Standard & Poor's (S & P) Long Term Debt Rating of A- or better; or by possessing and maintaining a Moody's rating of A3 or better. Comparable ratings may be considered from other nationally recognized rating organizations acceptable to the Company.
- b. (i) If the Customer's debt is not rated and the Customer's aggregate annual usage is 500,000 Therms or more, credit may be established by demonstrating adequate financial strength and stability. Upon request of a Customer whose annual usage is 500,000 Therms or more, the Company will evaluate the Customer's credit-worthiness by reviewing the Customer's audited financial statements for at least the two most recently completed fiscal years. These audited financial statements must be furnished by the Customer and must be accompanied by the opinion of independent certified public accountants or chartered accountants of recognized national or regional standing.

Issued By: G. L. Gillette, President
Issued On: ~~October 19, 2011~~

Effective: ~~March 13, 2012~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Fifth-Sixth~~ Revised Sheet No. 7.803-2
Cancels ~~Fourth-Fifth~~ Revised Sheet No. 7.803-2

NATURAL CHOICE TRANSPORTATION SERVICE (Continued)

3. To initiate service pursuant to this Rider, a Customer shall select a Pool Manager from Company's approved Pool Manager list and Pool Manager shall enroll customer electronically via company's website for service under this Rider. The Pool Manager shall obtain a letter of authorization in the form set forth on Sheet 8.118 of this tariff and have signed by the Customer prior to such electronic enrollment. Pool Manager shall also pay to Company a registration fee of \$10.00 for each Customer account to which service is initiated hereunder. Service by Company to a Customer account for which service hereunder has been properly requested by electronic enrollment prior to the twenty-first day of the month pursuant to this Rider will commence on the first day of the Customer's billing period of the next calendar month following receipt by the Company of the aforesaid electronic enrollment. Service under Rider will be delayed until the first day of the Customer's second billing period in the second calendar month following enrollment by the Pool Manager for any Customer enrolled after the twentieth day of the month.
4. A Customer account receiving service under this Rider may terminate service hereunder by its then serving Pool Manager and commence service hereunder (within the time and in the manner provided in Special Condition 3) by a different Pool Manager. The new Pool Manager shall pay to Company a registration fee of \$10.00 for each account.
5. If a Pool Manager requests the Company provide the twelve-month consumption history for a Customer account, the Company shall provide to the Pool Manager the history and apply an administrative fee charge equal to \$20 per customer account to Pool Manager's monthly invoice.
6. A Customer receiving service under this Rider may discontinue service hereunder by giving Company 30 days written notice. A Customer who elects to terminate transportation service under this Rider in order to return to sales service will be required to remain on sales service for a period not less than twelve months successive billing periods. A Customer who returns to sales service due to abandonment by its Pool Manager will not be required to remain on sales service but cannot return to the same Pool Manager, or any affiliated company, for at least twelve months successive billing periods.
7. For purposes of curtailment or interruption by Company, each individually billed account receiving service hereunder shall be treated by the Company in accordance with the curtailment provisions found in the applicable rate schedule or Curtailment Plan as filed with the Florida Public Service Commission.
8. Accounts receiving service pursuant to this Rider will be subject to the Swing Service Charge (set forth on Sheet No. 7.101-3).

Issued By: ~~William N. Cantrell~~ G.L. Gillette, President
Issued On: ~~February 13, 2006~~

Effective: ~~February 13, 2006~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Original Sheet No. 5.401-4

BILLING (Continued)

J. SUMMARY BILLING PLAN (optional)

A Customer with ten (10) or more Company accounts and no bill in arrears may request a single statement for the billing and payment of those accounts under this Summary Billing Plan. With Summary Billing, the Customer designates which accounts are to be included in the plan. Those accounts may be separated into groups each of which will be billed once a month on cycle billing days as designated by the Company.

The Company will read each meter and calculate a billing amount for each account separately. The billing amount for each of the designated accounts will be totaled on a Summary Billing statement, with each of the individual account bills attached as backup, and a single totaled bill will be included for remittance. Summary bills are due when rendered. If the summary bill is not paid in full within ten (10) days from the mailing date, the Customer may be removed from the Summary Billing Plan.

Issued By: G. L. Gillette, President
Issued On:

Effective:

Peoples Gas System
 a Division of Tampa Electric Company
 Original Volume No. 3

~~Third-Fourth~~ Revised Sheet No. 5.000
 Cancels ~~Second-Third~~ Revised Sheet No. 5.000

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Issued By: G. L. Gillette, President
 Issued On: ~~October 19, 2014~~

Effective: ~~March 13, 2012~~

Item 10

FILED SEP 03, 2015
DOCUMENT NO. 05524-15
FPSC - COMMISSION CLERK

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Draper) *EID*
Division of Engineering (Ellis, Wooten) *POE on*
Office of the General Counsel (Leathers, Crawford) *AL IR*

RE: Docket No. 150177-EI – Joint petition by Tampa Electric Company, Duke Energy Florida, and Mosaic Fertilizer, LLC, for approval of intermittent electric standby power agreement.

AGENDA: 09/15/15 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

15 SEP -3 AM 10:43
RECEIVED FPSC

Case Background

On July 31, 2015, Tampa Electric Company (Tampa Electric), Duke Energy Florida (Duke), and Mosaic Fertilizer, LLC (Mosaic) (jointly petitioners) filed a joint petition for approval of an intermittent electric standby power agreement (agreement). Mosaic is in the business of mining and processing phosphate, and manufacturing fertilizer. Mosaic has operations in the service territories of Tampa Electric, Duke, and other utilities. On August 21 and August 31, 2015, the petitioners provided responses to staff's data requests. It appears that this agreement is the first of its type to come before the Commission. The Commission has jurisdiction pursuant to Section 366.04, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve the proposed intermittent electric standby power agreement between Tampa Electric, Duke, and Mosaic?

Recommendation: Yes. The agreement is consistent with the Commission's policy of encouraging agreements, promotes renewable energy, and has no immediate impact on Tampa Electric's and Duke's general body of ratepayers. (Draper)

Staff Analysis: The proposed agreement addresses the supply of electric service to certain Mosaic facilities located in Hardee County. Specifically, the Mosaic facilities at issue are the South Pierce Generating Facilities (South Pierce) and the South Pasture Beneficiation Plant (Pasture Plant). The agreement would allow Tampa Electric to provide intermittent standby power to Mosaic during infrequent periods when generation from the South Pierce facility is not sufficient to serve the South Pasture load. The agreement becomes effective on the date of a final Commission order approving the agreement for an initial term of ten years with an automatic ten-year extension if all the parties to the agreement agree on an extension. Alternatively, the parties can petition the Commission for a change in the agreement. The proposed agreement is shown in Attachment A of the recommendation.

Mosaic Facilities

South Pierce

South Pierce is a qualifying cogeneration facility which consists of two steam-turbine generators that generate energy from waste heat captured during the fertilizer production process. Mosaic uses the electricity generated to self-service the South Pierce facility and sells excess energy to Tampa Electric under the as-available COG-1 tariff. Tampa Electric provides service to South Pierce under the Interruptible Standby and Supplemental Service rate schedule.

Pasture Plant

The Pasture Plant produces fertilizer products and is currently served by Duke under the Interruptible General Service rate schedule. The Pasture Plant is located in Peace River Electric Cooperative's (Peace River) service territory; however, pursuant to the territorial agreement between Duke and Peace River, Duke provides service to the Pasture Plant because the facility requires service at transmission level. The petitioners state that Peace River has read the agreement and Peace River's consent to approval and implementation of the agreement is attached as Exhibit B to the petition.

Transmission Line

Mosaic plans to build a ten-mile 69 kilovolt transmission line to connect the South Pierce generating facilities to the Pasture Plant. The transmission line is referred to in the agreement as the South Pasture Tie Line. Once Mosaic completes the construction of the transmission line, Mosaic will direct the excess energy generated at the South Pierce facilities to serve the full load of the Pasture Plant and the as-available sales to Tampa Electric will be reduced or eliminated. Mosaic anticipates the transmission line will be constructed by March 31, 2016. The transmission line will be owned by Mosaic and solely located on Mosaic-owned property, with

the exception of crossings of public right of ways such as roads. This type of arrangement is referred to as self-service. Staff notes that self-service is to be differentiated from self-service wheeling which means transmission or distribution service provided by a public utility to enable a retail customer to transmit electrical power generated by the customer at one location to the customer's facilities at another location.

Proposed Agreement

The proposed agreement is designed for Tampa Electric to provide intermittent standby power to Mosaic during infrequent periods when generation from the South Pierce facility is not sufficient to serve the South Pasture load. As stated above, Tampa Electric currently provides standby power to the South Pierce facility and will continue to do so, while Duke provides service to the Pasture Plant. Once Mosaic's transmission line connects the South Pierce facility to the Pasture Plant, Duke will not be able to provide standby power to the Pasture plant because only one utility can be connected electrically to the Mosaic facilities at a time. The petitioners explained that should the South Pierce facility go off-line, even for a short period of time, such that Tampa Electric's standby service picks up, the time and expense associated with converting the Pasture Plant load over to Duke would not be economic to the parties. Mosaic explained that a switch from cogeneration service to Duke service and back translates into over \$300,000 in production losses.

The petitioners explained that the infrequent circumstance under which Tampa Electric would provide standby power to the Pasture Plant is when the South Pierce facility is de-rated or off-line for repair or maintenance or when the Pasture Plant and other Mosaic load exceeds the output of the South Pierce facility. If the South Pierce generation reduction is to be of a more extended nature or if there is an interruption on the Mosaic transmission line, then the South Pasture load will be transferred to Duke, consistent with the terms of the agreement.

The proposed agreement also provides for a 3,500 Megawatt-hour annual cap on the amount of standby power Tampa Electric can provide to Mosaic. In response to staff's data request, the petitioners explained that the purpose of the negotiated cap is to ensure that Tampa Electric's standby service to Mosaic under the proposed agreement is infrequent and intermittent in nature only. The agreement provides that if the cap is exceeded, Mosaic will disconnect the Pasture Plant from the South Pierce facility and connect the Pasture Plant to Duke and purchase power from Duke. Once Mosaic has purchased a certain amount of electricity from Duke as outlined in the agreement, Mosaic will reconnect the Pasture Plant to its facilities and the cap will be reset to zero.

Conclusion

The Supreme Court found that an individual does not have the right to service by a particular utility merely because the individual deems it advantageous.¹ However, the proposed agreement for intermittent standby power is confined to unique and limited circumstances as presented by the facts of this case. The agreement maintains the current territorial boundaries for Tampa Electric and Duke, while allowing Mosaic to self-generate power to serve the Pasture Plant load. Furthermore, the Commission has recognized in several prior orders the need for flexibility in

¹ *Storey v. Mayo*, 217 So. 2d 304 (Fla. 1968)

the provision of electric service to Mosaic's mining operations.² The proposed agreement is consistent with the Commission's policy of encouraging agreements, promotes renewable energy, and has no immediate impact on Tampa Electric's and Duke's general body of ratepayers. Therefore, staff recommends approval of the proposed intermittent electric standby power agreement between Tampa Electric, Duke, and Mosaic.

² Order No. PSC-10-0580-PAA-EU, issued September 22, 2010, *In re: Joint petition for approval to extend territorial settlement agreement by Progress Energy Florida, Inc., Tampa Electric Company, and The Mosaic Company* and Order No. PSC-02-0929-AS-EI, issued July 11, 2002, in Docket No. 020105-EI, *In re: Joint petition of Florida Power Corporation and Tampa Electric Company for expedited declaratory relief concerning provision of electric service to an industrial customer's facilities located in Tampa Electric Company's Commission-approved service territory.*

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Leathers)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT

This Agreement Regarding Intermittent Electric Standby Power ("Agreement") is made and entered this 26th day of July, 2015 by and between Duke Energy Florida, Inc. ("DEF"), Tampa Electric Company ("Tampa Electric") and Mosaic Fertilizer, LLC ("Mosaic") (collectively, "the Parties").

WHEREAS, Mosaic is engaged in the integrated business of mining, processing phosphate, and manufacturing fertilizer in numerous counties in central and south central Florida, and has operations and facilities located in the service territory of a number of public utilities, including, but not limited to DEF, Tampa Electric and PRECO; and

WHEREAS, DEF, Tampa Electric and Mosaic have entered into voluntary and cooperative discussions regarding the supply of reliable electric service in a safe and operationally acceptable manner to certain Mosaic facilities geographically located in Hardee County, Florida; and

WHEREAS, the Parties have agreed to enter into this Agreement to facilitate the provision of electricity to Mosaic upon terms and conditions that are acceptable to the Parties as detailed herein; and

WHEREAS, the Parties recognize that, due to the specialized operations of Mosaic's integrated phosphate operations, this Agreement benefits the Parties; is put in place to deal with specific facts affecting Mosaic, and that this Agreement shall have no precedential effect with respect to any other factual or legal issues or



circumstances beyond those unique to the Agreement and specifically addressed herein.

NOW, THEREFORE in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged by each Party, the Parties do mutual agree as follows:

1. DEFINITIONS:

- a. **DEF South Pasture Standby Service Meter** means: The DEF owned service meter used by DEF to provide standby electric power to Mosaic at its point of interconnection with Mosaic's South Pasture Beneficiation Plant. Electrical connection from this meter to Mosaic will be normally open until standby service is transferred from Tampa Electric to DEF at which point the electrical connection to Tampa Electric through the South Pasture Tie Line will be severed through a Kirk Key lock protocol.
- b. **Fort Green 3 Substation Meter** means: The Mosaic owned meter associated with the Fort Green 3 substation which measures electricity flows on Mosaic's South Pasture Tie Line to Mosaic's South Pasture Beneficiation Plant.
- c. **Intermittent Electric Standby Power** means: Electrical power that Tampa Electric does not provide and sell to Mosaic on a regular basis, but that Tampa Electric provides and sells to Mosaic at the South Pierce Standby Interruptible Service Meter on an intermittent basis and that Mosaic transfers to its South Pasture Beneficiation Plant over the South Pasture Tie Line when there is insufficient

generation from Mosaic's South Pierce Generating Facilities to meet the load of Mosaic's South Pasture Beneficiation Plant.

- d. **South Pasture Beneficiation Plant** means: The Mosaic-owned phosphate beneficiation facility located in Hardee County, Florida (Section 30 – Township 33 South - Range 24 East), which processes mined phosphate materials in the production of fertilizer products;
- e. **South Pasture Tie Line** means: The planned approximately 10 mile extension of a Mosaic-owned 69 kV transmission line which will connect Mosaic's South Pierce Generating Facilities with Mosaic's South Pasture Beneficiation Plant;
- f. **South Pierce Generating Facilities** means: A Mosaic-owned 46.2 MW nameplate capacity qualifying facility generating station which consists of two steam-turbine generators that generate renewable energy from waste heat captured during the production of sulfuric acid used in the integrated phosphate fertilizer production processes.
- g. **South Pierce Generator Meter** means: Tampa Electric-owned meter and associated equipment used by Tampa Electric to measure the generator output on an hourly basis of Mosaic's South Pierce Generating Facilities associated with providing standby interruptible service to Mosaic.
- h. **South Pierce Standby Interruptible Service Meter** means: The Tampa Electric-owned service meter used by Tampa Electric to provide supplemental and standby electric power to Mosaic at its point of interconnection with Mosaic's South Pierce Generating Facilities.

- i. **Tampa Electric Intermittent Electric Standby Power 12 Month Cap** means: Up to 3,500 MWh annually of Tampa Electric-supplied and Mosaic-purchased intermittent standby electricity that will flow through the South Pierce Standby Interruptible Service Meter, and that will be transferred by Mosaic to the South Pasture Beneficiation Plant over the South Pasture Tie-Line. The 3,500 MWh is an annual cap, calculated monthly from the Effective Date of this Agreement and each twelve months thereafter, unless the start month of the twelve month period is changed pursuant to the process for exceedance of the cap set forth in paragraph 6.
2. **Term:** The initial term of this Agreement shall become effective as of the date of a final Commission Order approving this Agreement without changes or modifications to which any Party objects ("Effective Date"). The initial term of this Agreement shall be for ten years from the Effective Date with an automatic ten year extension provided all the parties are satisfied with the Agreement. Within a period of time between six months and three months prior to the end of the ten year initial term, the parties shall meet and confer. The meeting shall provide an opportunity for the parties to confirm their desire to extend the Agreement for another ten year term or petition the Commission for a change in the Agreement.
3. **Point of Provision of Intermittent Electric Standby Power:** Tampa Electric will provide Intermittent Electric Standby Power under this Agreement to Mosaic for use by Mosaic at the South Pasture Beneficiation Plant through Tampa Electric's South Pierce Standby Interruptible Service Meter and such electric power will be

delivered by Mosaic to the South Pasture Beneficiation Plant by Mosaic's South Pasture Tie Line.

4. **Calculation and Reporting of Intermittent Electric Standby Power:** Intermittent Electric Standby Power supplied by Tampa Electric that flows through the South Pierce Service Meter, and that will be purchased and transferred by Mosaic to the South Pasture Beneficiation Plant over the South Pasture Tie-Line, will be determined and calculated monthly by DEF based on hourly data. The calculation will be made by calculating the amount, if any, by which the South Pasture Beneficiation Plant load as measured on the Fort Green 3 Substation Meter exceeds the Mosaic-owned South Pierce total generation as measured by Tampa Electric on the South Pierce Generator Meter, measured on an hourly basis. DEF shall provide to Mosaic and Tampa Electric a monthly report reflecting the cumulative Intermittent Electric Standby Power provided to Mosaic during the 12 calendar months preceding the month in which the report is submitted. The determination of whether the Tampa Electric Intermittent Electric Standby Power 12 Month Cap has been exceeded will be made by reference to the cumulative Intermittent Electric Standby Power reflected in the monthly reports provided by DEF. Tampa Electric agrees to provide hourly South Pierce Generation Facilities data and Mosaic agrees to permit DEF access to the Fort Green 3 Substation Meter to facilitate DEF's acquisition of interval data and the determinations and calculations of Tampa Electric Intermittent Standby Electric Power flows to the South Pasture Beneficiation Plant. DEF shall provide the Parties with an annual

report detailing the amount of Tampa Electric supplied Intermittent Standby Electric Power provided to the South Pasture Beneficiation Plant.

5. **Authorized Charges:** DEF is authorized to include an additional monthly charge of \$200.00 to Mosaic's account maintained for the Mosaic South Pasture Beneficiation Plant Interruptible Standby account to compensate DEF for its reasonable costs and expenses associated with monitoring, calculating and reporting Tampa Electric Intermittent Standby Electric Power flows as described in paragraph 4 of the Agreement. DEF is further authorized to charge Mosaic in accordance with its current Commission approved Rate Schedule, SS 2, Interruptible Standby Service or any successor rate schedule, associated with the new DEF South Pasture Standby Service Meter that will be used to measure DEF service to South Pasture Beneficiation Plant whenever standby electrical service is transferred from Tampa Electric to DEF.
6. **Exceedance of Tampa Electric Intermittent Standby Electric Power 12 Month Cap:** If the Tampa Electric Intermittent Standby Electric Power 12 Month Cap is exceeded during any month as reflected in monthly reports submitted by DEF pursuant to paragraph 4, within 30 days of issuance of subject report, and Mosaic's reasonable verification and confirmation of same within 15 days of receipt of such information, Mosaic will disconnect the South Pasture Beneficiation Plant from the South Pierce Generation Facility and connect the South Pasture Beneficiation Plant to the DEF South Pasture Standby Service Meter. Mosaic will then purchase (at a minimum) an amount of Standby Service

MWh from DEF that equals or exceeds the total amount of Tampa Electric Intermittent Electric Standby Power MWh consumed during the relevant 12 month period during which the Tampa Electric Intermittent Standby Electric Power 12 Month Cap was measured and exceeded. When the Standby Service MWh from DEF has met or exceeded that prior service from Tampa Electric, Mosaic will reconnect the South Pasture Beneficiation Plant to the South Pasture Tie Line. Upon reconnection of the South Pasture Beneficiation Plant to the South Pasture Tie Line, the Tampa Electric Intermittent Electric Standby Power 12 Month Cap will be reset to zero (0) MWh, and the 12 month period for measuring exceedances will be restarted. The parties will use their normal billing cycles for the purposes of gathering data and preparing reports as set forth in this Agreement.

7. **Notification of Additions to the South Pasture Tie Line and Material Changes to the South Pierce Generating Facilities:** Mosaic will timely notify Duke and Tampa Electric prior to adding any electric loads in Hardee County to the South Pasture Tie Line which are remote from the South Pasture Beneficiation Plant and not capable of being measured by the Fort Green 3 Substation Meter, and thus included in DEF's monthly calculation of Tampa Electric Intermittent Standby Electric Power as detailed in paragraph 4. Mosaic will timely notify DEF and Tampa Electric prior to adding any additional Mosaic load of 6 MW or greater served through or from the South Pasture Beneficiation Plant. Mosaic will timely notify Duke and Tampa Electric prior to making any permanent material changes to the

electric generating capacity of the South Pierce Generating Facilities, which either increases or decreases the output of the units by 6 MW or greater, and will notify Duke and Tampa Electric should major outages of a more permanent nature (e.g., extended outages or derations of the units or the sulfuric acid plants that provide the steam to run the units). Notwithstanding the foregoing, however, such notification will not increase or have any impact on the amount of the Tampa Electric Intermittent Electric Standby Power 12 Month Cap set forth in section 1(i).

8. **No Revenue Sharing:** The Parties agree that none of the load serving obligations entered into as part of this Agreement will result, at any time during its initial or extended terms, in the sharing of revenues associated with service provided hereunder between DEF and Tampa Electric.
9. **Dispute Resolution:** The Parties agree that should a dispute arise pursuant to the terms of this Agreement, upon notification and request, they will meet in person and in a good faith effort to use their respective best efforts to resolve the dispute. This dispute resolution meeting shall be a condition precedent to any Party taking regulatory or legal action.
10. **Effect of Agreement:** The Parties agree that: (i) this Agreement is valid and binding between them upon approval of the Commission; and (ii) this Agreement or its terms shall have no precedential value or significance in any other legal proceeding before this Commission or other tribunal.

11. **Assignment of Agreement:** The Parties agree that this Agreement may be assigned to a corporate affiliate or successor in interest of any Party upon advanced written notice to the other Parties.
12. **Presentation of Agreement to the Commission:** The Parties agree to file an executed copy of this Agreement with the Commission for review and approval as expeditiously as possible, and to support the Commission's timely approval of this Agreement without modification.
13. **Changes to the Agreement:** Any change to this Agreement shall be made in writing, signed by all Parties.
14. **Extension of the Agreement:** If the Parties agree to jointly file a request to extend this Agreement beyond the automatic ten year extension contemplated in Section 2, such request shall be filed at least three (3) months before the expiration of that automatic ten year extension. The Agreement shall continue in full force and effect beyond the end of the ten year extension while the Commission is considering whether to approve the further extension of the Agreement.
15. **Reservation of Rights:** The Parties reserve all legal rights and remedies they may otherwise possess.
16. **Entire Agreement:** This Agreement represents the complete and entire understanding and agreement between the Parties and any terms or provisions not set forth in this Agreement are not enforceable.

INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT SIGNATURE PAGE

Duke Energy Florida, Inc.
Post Office Box 14042
St. Petersburg, Florida 33733

Signature: [Handwritten Signature]
Name (print): ALEX GLENN
Date: July 22, 2015

Witness: [Handwritten Signature]
Witness: [Handwritten Signature]
Beverly Ludwiczak

DUKE ENERGY, INC.
LEGAL DEPARTMENT
APPROVED BY: [Handwritten Signature]
DATE: 7/22/15

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

Signature: _____
Name (print): _____
Date: _____

Witness: _____
Witness: _____

Mosaic Fertilizer, LLC
13830 Circa Crossing Drive
Lithia, Florida 33547

Signature: _____
Name (print): _____
Date: _____

Witness: _____
Witness: _____

INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT SIGNATURE PAGE

Duke Energy Florida, Inc.
Post Office Box 14042
St. Petersburg, Florida 33733

Signature: _____
Name (print): _____
Date: _____

Witness: _____
Witness: _____

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

Signature: *Gordon L. Gillette*
Name (print): Gordon L. Gillette
Date: 7/26/15

Witness: *Grace Swick*
Witness: *Suzanna Jagers*

Mosaic Fertilizer, LLC
13830 Circa Crossing Drive
Lithia, Florida 33547

Signature: _____
Name (print): _____
Date: _____

Witness: _____
Witness: _____

INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT SIGNATURE PAGE

Duke Energy Florida, Inc.
Post Office Box 14042
St. Petersburg, Florida 33733

Signature: _____
Name (print): _____
Date: _____

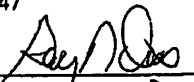
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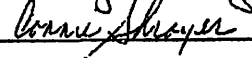
Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

Signature: _____
Name (print): _____
Date: _____

Witness: _____
Witness: _____

Mosaic Fertilizer, LLC
13830 Circa Crossing Drive
Lithia, Florida 33547

Signature: 
Name (print): GARY N DAVIS
Date: 7/23/15

Witness: 
Witness: 

Item 11

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 3, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Draper) *EDJ*
Office of the General Counsel (Janjic) *JSU DJ*

RE: Docket No. 150178-EI – Petition for approval of tariff rate changes to implement approved step increase by Tampa Electric Company.

AGENDA: 09/15/15 – Regular Agenda – Tariff Filing – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: Pursuant to Order No. PSC-13-0443-FOF-EI tariff is effective first billing cycle in November 2015

SPECIAL INSTRUCTIONS: None

*RECEIVED - FPSC
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COMM CLERK*

Case Background

On August 3, 2015, Tampa Electric Company (Tampa Electric) filed a petition for approval of tariff rate changes to implement an approved step increase. The step increase was approved in Order No. PSC-13-0443-FOF-EI, in which the Commission approved a stipulation and settlement in Tampa Electric's 2013 rate case (settlement order).¹ The settlement order provides a phased-in approach to the rate increase: an initial \$57.5 million increase effective November 2013, an additional \$7.5 million increase effective November 2014, and an additional \$5 million increase effective November 2015.

During the 2015 session, the Legislature enacted CS/HB 7109, which provides that:

¹ Order No. PSC-13-0443-FOF-EI, issued September 30, 2013, in Docket No. 130040-EI, *In re: Petition for rate increase by Tampa Electric Company*.

Docket No. 150178-EI
Date: September 3, 2015

New tariffs and changes to an existing tariff, other than an administrative change that does not substantially change the meaning or operation of the tariff, must be approved by the majority vote of the commission, except as otherwise specifically provided by law.

This is staff's recommendation on Tampa Electric's proposed tariffs to implement the \$5 million increase effective November 2015. The Commission has jurisdiction pursuant to Chapter 366, Florida Statutes, (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric's tariff rate changes to implement the step increase approved in the settlement order?

Recommendation: Yes, the Commission should approve Tampa Electric's tariff rate changes to implement the step increase approved in the settlement order. Pursuant to the settlement order, the rate changes should become effective with the date of the meter reading for the first billing cycle of November 2015, which falls on November 1, 2015. Tampa Electric should notify customers of the approved new rates in the October bills. (Draper)

Staff Analysis: Tampa Electric's petition includes the proposed tariff sheets, the allocation of revenue increase to the various rate classes, calculations showing the revenue from sale of electricity by rate schedule under current and proposed rates, and bill comparisons for the various rate classes under current and proposed rates. A residential customer who uses 1,000 kilowatt-hours (kwh) per month will see an increase of \$0.45 on the monthly bill.²

The cost of service methodology and allocation of the increase to the rate classes has been addressed in the settlement. The only adjustment the settlement provides for is to reflect actual residential tier proportion billing determinant data (i.e., usage below 1,000 kwh and usage above 1,000 kwh) on a 12-month basis ending July 31, 2015. The residential tier proportion billing determinants are used to calculate the inverted non-fuel energy charges.

Attachment A to the recommendation shows current and proposed base rates for the major rate classes. The settlement order provides that the interruptible rate schedules receive no change to the base rate charges in effect at the time of Tampa Electric's filing of the 2013 rate case, and the General Service Demand base energy charge remains at 1.583 cents per kwh, with the increase being allocated to the demand charge.

Staff has reviewed Tampa Electric's proposed tariff sheets and supporting documentation. The calculations are correct and reflect the settlement order. The Commission should approve Tampa Electric's tariff rate changes to implement the step increase approved in the settlement order. Pursuant to the settlement order, the rate changes should become effective with the date of the meter reading for the first billing cycle of November 2015, which falls on November 1, 2015. Tampa Electric should notify customers of the approved new rates in the October bills.

² The current 1,000 kwh residential bill is \$108.47 and will increase to \$108.92, or by \$0.45.

Issue 2: Should this docket be closed?

Recommendation: Yes, if the Commission approves Issue 1, the docket should be closed.
(Janjic)

Staff Analysis: If the Commission approves Issue 1, the docket should be closed.

Present and Proposed Rates for Major Rate Schedules

		Current	Proposed
Residential Service	Basic Service Charge	\$15	\$15
	Energy Charge (1 st 1,000 kwh)	4.650 ¢/kwh	4.694 ¢/kwh
	Energy Charge (above 1,000 kwh)	5.650 ¢/kwh	5.694 ¢/kwh
General Service – Non Demand	Basic Service Charge	\$18	\$18
	Energy Charge	4.965 ¢/kwh	5.009 ¢/kwh
General Service Demand	Basic Service Charge (Sec. Metering)	\$30	\$30
	Energy Charge	1.583 ¢/kwh	1.583 ¢/kwh
	Demand Charge	9.22 \$/kw	9.25 \$/kw