

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: November 30, 2017

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Lewis, King) *W CKL*
Division of Accounting and Finance (Mouring, Smith II) *M SI*
Office of the General Counsel (Murphy) *TV CM*

RE: Docket No. 20150010-WS – Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

AGENDA: 12/12/17 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Aquarina Utilities, Inc., (Aquarina or Utility) is a Class B utility providing service to approximately 296 water and 311 wastewater customers in Brevard County. Aquarina also provides non-potable water for irrigation to approximately 107 customers.

The Utility filed its application for a staff-assisted rate case on January 2, 2015. By Order No. PSC-16-0583-PAA-WS, issued December 29, 2016, in this docket, the Commission approved a Phase I revenue requirement and rates. The order further stated that implementation of Phase II rates is conditioned upon Aquarina completing certain pro forma plant items within 12 months of the issuance of a consummating order in this docket. Consummating Order No. PSC-17-0031-

Docket No. 20150010-WS

Date: November 30, 2017

CO-WS was issued on January 23, 2017. Therefore, the pro forma plant items were to be completed before January 23, 2018.

The pro forma plant items consisted of the replacement of the water treatment plant's reverse osmosis skid; the wastewater treatment plant's catwalks, blowers, and sand filters; and developing a geographical information system mapping of the distribution and collection systems. Order No. PSC-16-0583-PAA-WS provided that if Aquarina encounters any unforeseen events that will impede the completion of the pro forma plant items, it shall immediately notify the Commission in writing.

On November 9, 2017, the Utility notified staff that it would not be able to meet the deadline for completing the Phase II pro forma plant items. The Utility requested that it be granted an extension until March 1, 2018, to complete the Phase II pro forma plant items. The Commission has jurisdiction pursuant to Sections 367.081, 367.0814, and 367.121, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve Aquarina's request for extension of time to complete its required Phase II pro forma plant items pursuant to Order No. PSC-16-0583-PAA-WS?

Recommendation: Yes. The Commission should approve Aquarina's request for an extension of time to complete its required Phase II pro forma plant items before March 1, 2018. (Lewis)

Staff Analysis: As discussed in the case background, Aquarina was given until January 23, 2018, to complete Phase II pro forma plant items. The Utility is required to submit a copy of the final invoices and cancelled checks for the Phase II pro forma plant items. Once the pro forma plant items are completed, and documentation provided, staff will be able to verify that the pro forma improvements have been made.

By e-mail dated November 8, 2017, Aquarina identified numerous operational issues that have impacted the Utility's ability to complete the pro forma plant items identified in the previously discussed order. The Utility additionally indicated that the reverse osmosis skid has more installation issues than anticipated. Aquarina stated that all items should be completed by March 1, 2018. Staff believes that the events impeding completion of the pro forma plant items were not reasonably foreseeable and recommends that the Commission approve Aquarina's request for an extension of time to complete its required Phase II pro forma plant items.

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open for a decision by the Commission on the appropriate Phase II revenue requirement and rates. (Murphy)

Staff Analysis: No. The docket should remain open for a decision by the Commission on the appropriate Phase II revenue requirement and rates.