

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: April 6, 2018

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Lewis, King)
Division of Accounting and Finance (Mouring, Smith II)
Office of the General Counsel (Murphy)

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

AGENDA: 04/20/18 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

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 Florida Public Service Commission (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-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. By Order No. PSC-2017-0485-FOF-WS¹, the Commission granted the Utility's request.

On February 5, 2018, the Utility informed staff that it could not meet the March 1, 2018, extended due date and requested that it be granted an extension until November 30, 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.

¹This Order was amended to correct a scrivener's error by adding the names of the Commissioners who participated in the decision. The Order was reaffirmed in all other respects.

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 Nos. PSC-16-0583-PAA-WS and PSC-2017-0485-FOF-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 November 30, 2018. (Lewis)

Staff Analysis: As discussed in the case background, Aquarina was given until March 1, 2018, to complete Phase II pro forma plant items. On February 5, 2018, Aquarina informed staff it would not be able to complete the replacement of the water treatment plant's reverse osmosis skid by March 1, 2018, because: (1) its assigned sales representative resigned, (2) there were discrepancies in the sales contract which necessitated a full review, and (3) the terms of the financing changed. Based on the above, the Utility requested that the due date be extended to November 30, 2018. The Utility is required to submit a copy of the final invoices and cancelled checks for the Phase II pro forma plant items. Staff recommends the Utility be granted the requested extension as the actions resulting in the delay were outside of its control. Once the projects are completed, and documentation is provided, staff will verify that the pro forma improvements have been made.

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.