

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited alternative rate
increase in Lake County by Lake Idlewild
Utility Company.

DOCKET NO. 20180216-WU
ORDER NO. PSC-2019-0142-PAA-WU
ISSUED: April 22, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
DONALD J. POLMANN
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION ORDER
SETTING RATES FOR LAKE IDLEWILD UTILITY COMPANY
AND
FINAL ORDER ESTABLISHING TEMPORARY RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for the granting of temporary rates in the event of a protest, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.). The granting of temporary rates in the event of a protest is final agency action and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

Background

Lake Idlewild Utility Company (Lake Idlewild or Utility) is a Class C utility serving approximately 75 water customers in Lake County. Lake Idlewild's last approved rate increase was in 2016.¹

On November 26, 2018, Lake Idlewild filed an application for a limited alternative rate increase (LARI) pursuant to Rule 25-30.457, Florida Administrative Code (F.A.C.). On December 20, 2018, our staff notified the Utility that it met the initial requirements of Rule 25-30.457, F.A.C. Therefore, pursuant to Rule 25-30.457(4), F.A.C., the official date of filing was established as January 22, 2019, and the 90-day time frame for us to render a decision began on that date.

¹Order No. PSC-16-0305-PAA-WU, issued July 28, 2016, in Docket No. 20150236-WU, *In re: Application for staff-assisted rate case in Lake County, by Lake Idlewild Utility Company.*

As stated above, we last set rates for Lake Idlewild in 2016. In that rate case we found the Utility's overall quality of service to be satisfactory. We have not identified any water quality complaints filed with this Commission, the Utility, or the Florida Department of Environmental Protection (DEP) since the last rate case.

The most recent DEP compliance test results, dated January 23, 2018, demonstrate that the Utility is currently in compliance with DEP secondary standards. A customer meeting was held on February 26, 2019, in Lady Lake, Florida. Three customers attended and each expressed concerns regarding the requested rate increase. Additionally, one of these customers raised concerns of low water pressure. The Utility provided a written response to those concerns which is included in the docket file.

We have jurisdiction pursuant to Sections 367.0814(9) and 367.121(1), Florida Statutes.

Review and Decision

1. Application for Limited Alternative Rate Increase

Pursuant to Rule 25-30.457, F.A.C., any utility eligible to file for a staff-assisted rate case may petition this Commission for a rate increase of up to 20 percent applied to metered or flat recurring rates as an alternative to a rate case. This Rule is designed to streamline the rate increase process for qualifying small water or wastewater companies, by establishing an abbreviated procedure for a limited rate increase that is less time consuming and thus, less costly for utilities, their customers, and this Commission. This Rule is similar to the rules governing price index and pass-through increases in that neither an engineering review nor a financial audit of the utility's books and records is required.

On November 26, 2018, Lake Idlewild notified us of its intent to implement a limited alternative rate increase of 20 percent pursuant to Rule 25-30.457, F.A.C. The application met the initial requirements of the rule, and January 22, 2019, was established as the official filing date.

We have reviewed the Utility pursuant to the criteria set forth in Rule 25-30.457(5), F.A.C., and find that Lake Idlewild qualifies for our staff's assistance pursuant to subsection (1) of this Rule and the Utility's books and records appear to be organized consistent with Rule 25-30.110, F.A.C. We verified that the Utility is current on the filing of regulatory assessment fees and annual reports. The Utility has been in operation over a year and filed additional relevant information in support of eligibility. The Utility's last rate case was granted more than two years, but less than seven years, prior to the receipt of the petition currently under review. Lake Idlewild was under earning based on information provided in the Utility's 2017 Annual Report. However, based on information from the Utility's 2018 Annual Report, Lake Idlewild is now in a negative earnings posture. Based on the foregoing, we shall approve the Utility's petition.

The data presented in the application was based upon annualized revenues by customer class and meter size for the period ended September 30, 2018, the most recent 12-month period.

Based on annualized revenues of \$40,343, a 20 percent increase would result in an annual increase in revenues of \$8,023. This produces total annual service revenues of \$48,366.

Pursuant to Rule 25-30.457(12), F.A.C., the Utility is required to hold any revenue increase granted subject to refund with interest in accordance with Rule 25-30.360, F.A.C., for a period of 15 months after the filing of its annual report for the year the adjustment in rates is implemented.

After the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility must file reports with our Office of Commission Clerk no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed must also indicate the status of the security being used to guarantee repayment of any potential refund.

We have reviewed the personal financial statements of the Utility's primary shareholder, its president. The president has provided a personal guarantee of any rate increase approved in this docket. Based on the foregoing, we find that, in this circumstance, the Utility's president has demonstrated the financial ability to guarantee the refund, if necessary.

To ensure overearnings will not occur due to the implementation of this rate increase, we will conduct an earnings review of Lake Idlewild's annual report for the year the adjustment in rates is implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, will be disposed of for the benefit of the customers.

2. Monthly Service Rates

Based on our approval of the Utility's limited alternative rate increase, the existing service rates for Lake Idlewild shall be increased by 20 percent in accordance with Rule 25-30.457, F.A.C. We calculated rates by applying the 20 percent increase across-the-board to the existing base facility and gallonage charges. The Utility's existing water rates and the approved rates are shown on Schedule No. 1 of this Order. The Utility shall file tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates shall not be implemented until our staff has approved the proposed customer notice. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

3. Temporary Rates in the Event of a Protest (Final Agency Action)

By this Order, we propose an increase in water rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Rule 25-30.457(15), F.A.C., in the event of a protest of the PAA Order by a substantially affected person other than the Utility, Lake Idlewild is hereby authorized to implement the rates established in the LARI PAA Order on a temporary basis subject to refund upon the Utility filing a staff-assisted rate case application within 21 days of the date the protest is filed.

The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. If the rates are approved on a temporary basis, the incremental increase collected by the Utility will be subject to the refund provisions set forth in Rule 25-30.360, F.A.C. Pursuant to Rule 25-30.457(17), F.A.C., if the Utility fails to file a staff-assisted rate case application within 21 days in the event there is a protest, the application for a limited alternative rate increase will be deemed withdrawn.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Lake Idlewild Utility Company's application for a limited alternative rate increase in the amount of 20 percent is hereby approved. This equates to an increase of \$8,023. It is further

ORDERED that pursuant to Rule 25-30.457(12), F.A.C., Lake Idlewild Utility Company is required to hold any revenue increase granted subject to refund with interest for a period of 15 months after the filing of its annual report for the year the adjustment in rates was implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, must be disposed of for the benefit of the customers. After the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Lake Idlewild Utility Company must file reports with the Office of Commission Clerk no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed must also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that the existing service rates for Lake Idlewild Utility Company shall be increased by 20 percent in accordance with Rule 25-30.457, F.A.C. The approved service rates are shown on Schedule No. 1 of this Order. Lake Idlewild Utility Company shall file tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates shall not be implemented until our staff has approved the proposed customer notice. Lake Idlewild Utility Company shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that pursuant to Rule 25-30.457(15), F.A.C., in the event of a protest of the Proposed Agency Action (PAA) Order by a substantially affected person other than Lake Idlewild Utility Company is authorized to implement the rates established in the LARI PAA Order on a temporary basis subject to refund upon Lake Idlewild Utility Company filing a staff-assisted rate case application within 21 days of the date the protest is filed. (*Final Agency Action*) It is further

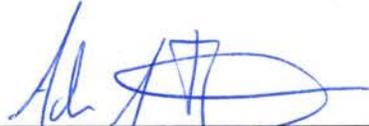
ORDERED that Lake Idlewild Utility Company shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant

to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. If the rates are approved on a temporary basis, the incremental increase collected by the Lake Idlewild Utility Company will be subject to the refund provisions set forth in Rule 25-30.360, F.A.C. Pursuant to Rule 25-30.457(17), F.A.C., if Lake Idlewild Utility Company fails to file a staff-assisted rate case application within 21 days in the event there is a protest, the application for a limited alternative rate increase will be deemed withdrawn. (*Final Agency Action*) It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event of a protest, Lake Idlewild Utility Company may implement the rates established in the PAA Order on a temporary basis, subject to refund with interest, upon its filing of a staff-assisted rate case application within 21 days of the date of the protest. If Lake Idlewild Utility Company fails to file a staff-assisted rate case within 21 days, its petition for a limited alternative rate increase will be deemed withdrawn pursuant to Rule 25-30.457(17), F.A.C. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of this Order, a Consummating Order shall be issued. The docket shall remain open for our staff's verification that the revised tariff sheets, which reflect the Commission-approved rates, and customer notice have been filed by Lake Idlewild Utility Company and approved by our staff, and so that our staff may conduct an earnings review of Lake Idlewild Utility Company pursuant to Rule 25-30.457(12), F.A.C. Upon our staff's approval of the tariff and completion of the earnings review process, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 22nd day of April, 2019.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions, except for the granting of temporary rates in the event of a protest, are preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 13, 2019. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

**Lake Idlewild Utility Company
Monthly Water Rates**

	Existing Rates	Approved Rates
Residential and General Service		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$16.09	\$19.30
3/4"	\$24.14	\$28.95
1"	\$40.23	\$48.25
1 1/2"	\$80.45	\$96.50
2"	\$128.72	\$154.40
3"	\$257.44	\$308.80
4"	\$402.25	\$482.50
6"	\$804.50	\$965.00
Gallonage Charge - Residential Service		
Charge Per 1,000 gallons		
0-3,000 gallons	\$2.11	\$2.53
Over 3,000 gallons	\$2.47	\$2.96
Gallonage Charge - General Service		
Charge Per 1,000 gallons		
	\$2.41	\$2.89
Private Fire Protection		
Base Facility Charge by Meter Size		
2"	\$10.73	\$12.86
3"	\$21.45	\$25.73
4"	\$33.52	\$40.20
6"	\$67.04	\$80.41
8"	\$107.27	\$128.66
10"	\$154.20	\$184.95
Typical Residential 5/8" x 3/4" Meter Bill Comparison		
2,000 Gallons	\$20.31	\$24.36
6,000 Gallons	\$29.83	\$35.77
10,000 Gallons	\$39.71	\$47.61