

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited alternative rate
increase in Sumter County by Jumper Creek
Utility Company.

DOCKET NO. 20180217-WS
ORDER NO. PSC-2019-0145-PAA-WS
ISSUED: April 23, 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 APPROVING RATE INCREASE FOR JUMPER CREEK UTILITY COMPANY
AND FINAL ORDER ON 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

Jumper Creek Utility Company (Jumper Creek or Utility) is a Class C utility serving approximately 50 residential water and wastewater customers in Sumter County. Jumper Creek's last approved rate increase was in 2015.¹

On November 26, 2018, Jumper Creek filed an application for a limited alternative rate increase (LARI) pursuant to Rule 25-30.457, 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.

As stated above, this Commission last set rates for Jumper Creek in 2015. In that rate case, we found the Utility's overall quality of service to be satisfactory. No complaints

¹Order No. PSC-15-0335-PAA-WS, issued August 20, 2015, in Docket No. 20140147-WS, *In re: Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.*

concerning water quality were received by us or the Florida Department of Environmental Protection (DEP) since the last rate case. The Utility has received three complaints concerning DEP secondary standards since the last rate case.

We note that the most recent DEP compliance test results, dated January 11, 2018, demonstrate that the Utility is currently in compliance with DEP secondary standards. A customer meeting was held on February 27, 2019, in Webster, Florida. No customers attended the meeting.

Rule 25-30.457, F.A.C., was adopted on March 15, 2005. The Rule was amended in 2008, 2014, and 2018. Under provisions of this Rule, this Commission previously approved applications filed by two other utilities in 2006.²

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

Decision

1. 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 was 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, Jumper Creek 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 reviewed the Utility pursuant to the criteria listed in Rule 25-30.457(5), F.A.C., and find that Jumper Creek qualifies for staff 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 also 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. Jumper Creek remains in a

²Order No. PSC-06-0444-PAA-WU, issued May 22, 2006, in Docket No. 20050880-WU, *In re: Petition for limited alternative rate increase in Lake County by Brendenwood Water System, Inc.*, and Order No. PSC-06-0822-PAA-WU, issued October 6, 2006, in Docket No. 20060416-WU, *In re: Petition for limited alternative rate increase in Polk County by Pinecrest Ranches, Inc.*

negative earnings posture based on information provided in the Utility's 2017 and 2018 Annual Reports. Based on the information described above, we hereby 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 \$24,014 for water and \$27,839 for wastewater, a 20 percent increase would result in an annual increase in revenues of \$4,791 for water and \$5,556 for wastewater. This produces total annual service revenues of \$28,805 for water and \$33,395 for wastewater.

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 was implemented.

After the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility 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.

We reviewed the personal financial statements of the primary shareholder, which is the company's president.³ The president has provided a personal guarantee of any rate increase approved in this docket.⁴ Based on the above, we find that in this circumstance the company'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 Jumper Creek's 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, 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 Jumper Creek shall be increased by 20 percent in accordance with Rule 25-30.457, F.A.C. Therefore, 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 and wastewater rates and the Commission-approved rates are shown on Schedule No. 1. 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.

³Document No. 05042-2018 (Confidential), in Docket No. 20180066-WU.

⁴Document No. 03207-2019, filed March 20, 2019.

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

The portion of this Order issued as Proposed Agency Action (PAA) approves an increase in water and wastewater 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, Jumper Creek 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. The incremental increase collected by the Utility will be subject to the refund provisions outlined 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 Jumper Creek Utility Company's application for a limited alternative rate increase of 20 percent is hereby approved. This equates to an increase of \$4,791 for water and \$5,556 for wastewater. It is further

ORDERED that Jumper Creek Utility Company shall hold the Commission-approved revenue increase subject to refund with interest in accordance with Rule 25-30.360, Florida Administrative Code, for a period of 15 months after the filing of its annual report for the year the adjustment in rates was implemented. It is further

ORDERED that after the increased rates are in effect, Jumper Creek Utility Company shall 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 Commission will conduct an earnings review of Jumper Creek Utility Company's 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, will be disposed of for the benefit of the customers. It is further

ORDERED that Jumper Creek Utility Company's approved rates are shown on Schedule No. 1. It is further

ORDERED that Jumper Creek 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 Commission 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. It is further

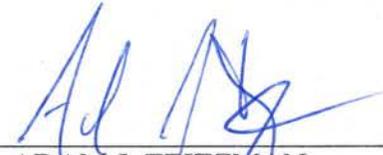
ORDERED that in the event of a protest by a substantially affected person other than the Utility, Jumper Creek Utility Company is hereby authorized to implement the rates established in this Order on a temporary basis subject to refund upon the Utility filing a staff-assisted rate case application within 21 days of the date the protest is filed. It is further

ORDERED that Jumper Creek 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. The temporary rates shall not be implemented until Commission staff has approved the proposed notice, and the notice has been received by the customers. The incremental increase collected by the Utility will be subject to the refund provisions outlined in Rule 25-30.360, F.A.C. If Jumper Creek 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, Jumper Creek Utility Company may implement the rates established in this Order on a temporary basis, subject to refund with interest, upon the Utility's filing of a staff-assisted rate case application within 21 days of the date of the protest. 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, a Consummating Order shall be issued. The docket shall remain open for Commission staff's verification that the revised tariff sheets, which reflect the Commission-approved rates, and customer notice have been filed by Jumper Creek Utility Company and approved by Commission staff, and so that Commission staff may conduct an earnings review of the Utility pursuant to Rule 25-30.457(12), F.A.C. Upon Commission staff's approval of the tariff and completion of the earnings review process as set forth in Rule 25-30.457(12)-(14), F.A.C., this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 23rd 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.

MAD

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 14, 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 objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

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

ORDER NO. PSC-2019-0145-PAA-WS

DOCKET NO. 20180217-WS

PAGE 7

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.

**Jumper Creek Utility Company
Monthly Water Rates**

	Existing Rates	Commission Approved Rates
Residential and General Service		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$18.27	\$21.92
3/4"	\$27.41	\$32.88
1"	\$45.68	\$54.80
1 1/2"	\$91.35	\$109.60
2"	\$146.16	\$175.36
3"	\$292.32	\$350.72
4"	\$456.75	\$548.00
6"	\$913.50	\$1,096.00
8"	\$1,461.60	\$1,753.60
Charge Per 1,000 gallons	\$6.77	\$8.12
Typical Residential 5/8" x 3/4" Meter Bill Comparison		
2,000 Gallons	\$31.81	\$38.16
6,000 Gallons	\$58.89	\$70.64
10,000 Gallons	\$85.97	\$103.12

**Jumper Creek Utility Company
Monthly Wastewater Rates**

	Existing Rates	Commission Approved Rates
Residential Service		
Base Facility Charge – All Meter Sizes	\$28.84	\$34.60
Charge Per 1,000 gallons 6,000 gallon cap	\$7.17	\$8.60
General Service		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$28.84	\$34.60
3/4"	\$43.26	\$51.90
1"	\$72.10	\$86.50
1 1/2"	\$144.20	\$173.00
2"	\$230.72	\$276.80
3"	\$461.44	\$553.60
4"	\$721.00	\$865.00
6"	\$1,442.00	\$1,730.00
8"	\$2,307.20	\$2,768.00
Charge Per 1,000 gallons	\$8.61	\$10.33
Typical Residential 5/8" x 3/4" Meter Bill Comparison		
2,000 Gallons	\$43.18	\$51.80
6,000 Gallons	\$71.86	\$86.20
10,000 Gallons	\$71.86	\$86.20