BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| --- | --- |
| In re: Application for staff-assisted rate case in Polk County by S. V. Utilities, Ltd. | DOCKET NO. 20220035-WSORDER NO. PSC-2022-0431-PAA-WSISSUED: December 19, 2022 |

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman

ART GRAHAM

GARY F. CLARK

MIKE LA ROSA

GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING RATE INCREASE FOR S.V. UTILITIES, LTD. AND ORDER ON RECOVERY OF RATE CASE EXPENSES, TEMPORARY RATES AND ACCOUNTING ADJUSTMENTS

BY THE COMMISSION:

 NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records, 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 reduction of rates after four years, the granting of temporary rates in the event of protest, and the requirement for proof of adjustment of books and records are procedural agency actions and subject to reconsideration and appeal as described below under the heading, “NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW.”

Background

S. V. Utilities, Ltd. (SV or Utility) is a Class C water and wastewater utility that began operations in 1981. The Utility provides water and wastewater service to approximately 707 residential and 6 general service customers in the Swiss Village, Hidden Cove East, and Hidden Cove West mobile home parks in Polk County. The Utility is located within the Southwest Florida Water Management District (SWFWMD). SV was granted Certificate Nos. 605-W and 521-S by us in 1999.[[1]](#footnote-1) The Utility’s rates were last established during a staff-assisted rate case (SARC) in 2014.[[2]](#footnote-2) According to SV’s 2021 Annual Report, total revenues were $99,438 for water and $137,440 for wastewater. The total operating expenses were $151,317 for water and $191,130 for wastewater, resulting in net operating losses of ($51,879) for water and ($53,690) for wastewater.

On February 11, 2022, SV filed an application for a SARC. Pursuant to Section 367.0814(2), Florida Statutes (F.S.), the official filing date of the SARC has been determined to be April 11, 2022. The 12-month period ending December 31, 2021, was selected as the test year. A customer meeting was originally scheduled for September 29, 2022; however, due to Hurricane Ian, the customer meeting was postponed and held on November 3, 2022.

We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, F.S.

**Review and Decision**

1. Quality of Service

 Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in water and wastewater rate cases, we shall determine the overall quality of service provided by the utility. This determination is made from an evaluation of the quality of the utility’s product (water), and the utility’s attempt to address customer satisfaction (water and wastewater). The Rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the DEP and the county health department, and any DEP and county health department officials’ testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by us are also reviewed. The operating conditions of the water and wastewater systems are addressed in Section 2.

1. *Quality of the Utility’s Product*

In evaluation of SV’s product quality, we reviewed the Utility’s compliance with the DEP’s primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. In the DEP’s last Sanitary Survey Report dated September 16, 2021, no chemical or bacteriological exceedances were noted for the previous 12 months, and the Utility was determined to be in compliance with DEP standards.

1. *The Utility’s Attempt to Address Customer Satisfaction*

We reviewed our Consumer Activity Tracking System (CATS) records, and there were no complaints recorded during the test year and four years prior for SV. We requested all complaints received by the Utility during the test year and four years prior, and the Utility responded that it did not receive any complaints during this timeframe. We also requested all complaints received by the DEP during the test year and four years prior, and the DEP responded that it did not receive any complaints for SV during this timeframe.

We performed a supplemental review of the complaints filed in CATS following issuance of the Customer Meeting notices and the subsequent Customer Meeting held on November 3, 2022. This review found five complaints filed in CATS, and approximately 52 written comments. Most of the comments were regarding service interruptions and rate concerns. Other customer comments were regarding the water system not being properly maintained and water quality issues. Table 1 shows the number of complaints and comments, by source and subject, received during the rate case.

**Table 0**

**Number of Rate Case Comments Received by Source and Subject**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Subject of Comment** |  | **CATS****Complaint Records** | **Written/****Oral Comments** | **Total\*** |
| Service Interruptions |  | 4 | 44 | 48 |
| Rate Concerns |  | 2 | 37 | 39 |
| System Not Properly Maintained |  | 1 | 16 | 17 |
| Water Quality (Taste, Color, Odor) |  | 2 | 12 | 14 |
| **Total\*** |  | 9 | 109 | 118 |

\*A single customer comment/complaint may be counted multiple times if it is associated with

 multiple categories.

Regarding service interruptions, customers have expressed concerns about the number of service interruptions, as well as the ensuing notices requiring them to boil water for days following interruptions. Customers have stated that when they have inquired as to why their service is being interrupted, the Utility has consistently responded that the interruptions are due to the age of the pipes. In response to our staff’s Fourth Data Request, the Utility identified 11 service interruptions in the past 12 months, four of which affected SV’s entire customer base, and the remaining seven impacted an average of 23 customers each. Three of the system-wide interruptions were planned, with all remaining interruptions unplanned. When asked if the Utility has considered replacing the aging pipes or making other system improvements, and how much these improvements would cost, SV responded that it has not attempted to get a quote for replacing the water pipes. The Utility believes that the cost to repair line breaks is substantially more cost-effective than replacing the water pipes, which would result in higher rates for customers. Customers also expressed concerns that the Utility may not be properly maintaining the water system by applying temporary fixes for repairs, resulting in continual service interruptions. However, in response to our staff’s Fourth Data Request, SV indicated that it does not perform temporary fixes unless warranted by the situation. When temporary fixes are performed, SV stated that permanent fixtures are put in place as soon as parts are available. In addition, the Utility stated that it ensures that it completes repairs properly and with quality parts and materials to prevent recurrence.

Regarding the rate increase, customers expressed issues with the amount of the increase due to affordability issues, and expressed concerns that their water service is not reliable enough to justify the rate increase. Regarding the water quality issues, customers have expressed concerns with the taste, odor, and color of the water. According to the customer comments regarding water quality, the water is commonly cloudy or yellow in color, and smells and tastes of chlorine. When asked how the Utility intends to resolve these concerns, SV responded that the Utility meets all primary and secondary water quality standards, and that the chlorine levels are tested daily, as required, and do not exceed standards. The Utility further stated that no water quality complaints were received prior to the filing of this SARC and due to the stated reasons, the Utility believes no further action is necessary.

A virtual customer meeting was held on November 3, 2022, and three customers provided oral comments, one of which presented comments on his behalf, and on the behalf of approximately 40 other customers in attendance with him. At the meeting, customers expressed concerns regarding the issues discussed above. In addition, one customer wanted to ensure that the employees are not over earning as the employees are the same across all of the sister utilities. Another concern brought up at the Customer Meeting that relates to the service interruption concerns is the lack of isolation valve usage to reduce the need to interrupt the service of all or large amounts of customers whenever there are service interruptions. Regarding the isolation valve concern, in response to our staff’s Fourth Data Request, the Utility explained that it has made every effort to replace any isolation valves that are not working, and add isolation valves to areas that would allow it to isolate more areas.

1. *Conclusion*

The Utility is in compliance with DEP standards; however, several customer comments regarding service interruptions have been received. As such, we find that SV’s quality of service be considered marginal and no penalty be imposed at this time. We further find that the Utility meet with its customers within three months of issuance of the Consummating Order to discuss the service interruption issues. The Office of Public Counsel and our staff shall be made aware of the meeting place, date, and time. Lastly, within one month after meeting with its customers, the Utility shall file a report with us summarizing the results of the meeting.

2. Infrastructure and Operating Conditions

Rule 25-30.225, F.A.C., requires that each water utility shall operate and maintain its plant and facilities by employing qualified operators in accordance with the rules of the DEP in order to provide safe and efficient service up to and including the point of delivery into the piping owned by the customer. During a rate making proceeding, Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25- 30.225, F.A.C. In making this determination, we must consider testimony of the DEP and county health department officials, sanitary surveys for water systems and compliance evaluation inspections for wastewater systems, citations, violations, and consent orders issued to the utility, customer testimony, comments, and complaints, and utility testimony and responses to the aforementioned items.

1. *Water and Wastewater System Operating Conditions*

SV’s water system has a permitted capacity of 432,000 gallons per day (gpd). The Utility’s water system has two wells with pumping capacities of 300 gallons per minute (gpm) each, and two hydropneumatic storage tanks with capacities of 8,000 gallons each. Groundwater from the wells is treated through liquid chlorination. We reviewed SV’s sanitary survey reports conducted by the DEP to determine the Utility’s overall water facility compliance. A review of the inspection conducted on September 16, 2021, indicated that SV’s water treatment facility is in compliance with the DEP’s rules and regulations.

SV’s wastewater system consists of a permitted 0.141 million gallons per day (MGD) three month rolling average daily flow (3MRADF) design capacity extended aeration domestic wastewater treatment plant (WWTP) that provides secondary treatment with basic disinfection. We reviewed the Utility’s compliance evaluation inspections conducted by the DEP to determine the Utility’s overall wastewater facility compliance. A review of the inspection conducted on October 15, 2020, indicated that SV’s wastewater treatment facility is in compliance with the DEP’s rules and regulations.

1. *Conclusion*

SV’s water and wastewater treatment facilities are currently in compliance with DEP regulations.

3. Used and Useful (U&U)

SV’s water and wastewater systems began operations in 1981. The Utility’s water system has two wells with pumping capacities of 300 gpm each, and two hydropneumatic storage tanks with capacities of 8,000 gallons each. SV’s water distribution system is composed of 165 feet of 1-inch polyvinyl chloride (PVC) pipe, 15,330 feet of 2-inch PVC pipe, 950 feet of 4-inch PVC pipe, and 17,075 feet of 6-inch PVC pipe. There are 49 fire hydrants throughout the water distribution system.

SV’s wastewater system consists of a permitted 0.141 MGD 3MRADF design capacity extended aeration domestic WWTP. The Utility’s wastewater collection system is composed of 2,600 feet of 4-inch PVC pipe, 9,700 feet of 6-inch PVC pipe, and 16,287 feet of 8-inch PVC pipe. There are 4 lift stations, and 54 manholes throughout the wastewater collection system.

1. *Used and Useful Percentages*

Rule 25-30.432, F.A.C., addresses the method by which the U&U of a wastewater system is determined, and Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. SV’s U&U percentages were last determined in Docket No. 20130211-WS.[[3]](#footnote-3) In that docket, we determined the Utility’s WTP, WWTP, water distribution, and wastewater collection systems to be 100 percent U&U. The Utility has not increased the capacity of its WTP or WWTP since rates were last established. The Utility’s water distribution and wastewater collection systems continue to only provide service to existing customers, the service area remains built out, and there continues to be no potential for expansion of the service area. Therefore, consistent with our previous decision, we find that the Utility’s WTP, WWTP, water distribution, and wastewater collection systems are 100 percent U&U.

1. *Excessive Unaccounted for Water*

Rule 25-30.4325, F.A.C., additionally provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as “unaccounted for water in excess of 10 percent of the amount produced.” Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the utility.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage. Based on monthly operating reports, SV produced 51,270,000 gallons of water from January 1, 2021, to December 31, 2021. No water was purchased during the test year. From the audit completed by our staff, the Utility sold 39,558,173gallons of water to customers. The Utility documented 5,507,000 gallons of water usage for line flushing. The resulting calculation ([51,270,000 + 0 – 39,558,173 – 5,507,000] / [51,270,000 + 0]) for unaccounted for water is 12.1 percent. Therefore, there is EUW of 2.1 percent. The Utility raised concerns regarding the amount of gallons sold used in the calculation, suggesting its Annual Report was more accurate. We used the results of the staff audit, which reviewed the Utility’s records for the test year. As we traditionally use the gallons sold data determined by the staff audit, we find that a 2.1 percent adjustment shall be made to purchased power and chemical expenses for EUW. Regarding the cause, the Utility stated that the amount of EUW can be attributable to underestimating other uses.

1. *Infiltration and Inflow (I&I)*

Infiltration typically results from groundwater entering a wastewater collection system through broken or defective pipes and joints, whereas inflow results from water entering a wastewater collection system through manholes or lift stations. By convention, the allowance for infiltration is 500 gpd per inch diameter pipe per mile, and an additional 10 percent of residential water billed is allowed for inflow. Rule 25-30.432, F.A.C., provides that in determining the WWTP amount of U&U, we will consider I&I.

Since all wastewater collection systems experience I&I, the conventions noted above provide guidance for determining whether the I&I experienced at a WWTP is excessive. We calculated the allowable infiltration based on system parameters, and calculates the allowable inflow based on water billed to customers. The sum of these amounts is the allowable I&I. We next calculated the estimated amount of wastewater returned from customers. The estimated return is determined by summing 80 percent of the water billed to residential customers with 90 percent of the water billed to non-residential customers. Adding the estimated return to the allowable I&I yields the maximum amount of wastewater that shall be treated by the wastewater system without incurring adjustments to operating expenses. If this amount exceeds the actual amount treated, no adjustment is made. If it is less than the gallons treated, then the difference is the excessive amount of I&I.

From January 1, 2021, through December 31, 2021, the allowance for infiltration was calculated as 6,874,720 gallons, and the allowance for inflow was calculated as 2,928,561 gallons; therefore, the total I&I allowance was calculated as 9,803,281 gallons. Based on our audit, the total water billed to residential customers was 27,669,143 gallons, and the total water billed to general service customers was 1,616,470. Therefore, the estimated amount of wastewater returned from customers was calculated as 23,590,137 gallons. Summing the estimated return and the allowable I&I results in a maximum of 33,393,418 gallons of wastewater that shall be treated by the wastewater system without incurring adjustments to operating expenses. Based on the Utility’s discharge monitoring reports, the actual amount of wastewater treated was 11,261,000 gallons from January 1, 2021, through December 31, 2021. Therefore, there is no excessive I&I and no adjustment is required.

*D. Conclusion*

SV’s WTP, WWTP, water distribution, and wastewater collection systems shall be considered 100 percent U&U. Additionally, we find that a 2.1 percent adjustment to purchased power and chemical expenses shall be made for EUW. No adjustment is required for excessive I&I.

4. Average Test Year Rate Base

The appropriate components of the Utility’s rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, and working capital. SV does not have any contributions-in-aid-of-construction (CIAC). We selected the test year ended December 31, 2021, for the instant rate case. We determined that the Utility’s books and records are in compliance with the National Association of Regulatory Utility Commissioners’ Uniform System of Accounts (NARUC USOA). A summary of each component and our approved adjustments are discussed below.

1. *Utility Plant in Service (UPIS)*

The Utility recorded UPIS of $627,412 for water and $802,558 for wastewater. There were auditing adjustments increasing UPIS by $12,041 and $17,913, for water and wastewater respectively. Additionally, we made an adjustment further increasing UPIS by $4,871 for water and decreasing UPIS by $1,001 for wastewater to reflect the appropriate amounts in plant Accounts 341 and 391 - Transportation Equipment. We further increased UPIS by $8,300 for water to reflect the replacement of a motor on the No. 2 Well, which happened during the test year. In order to reflect the test year beginning and ending UPIS average balances, we made an adjustment decreasing UPIS by $15,030 for water and decreasing UPIS by $3,513 for wastewater.

 **Pro Forma Plant Additions**

Table 2 shows SV’s two requested pro forma plant projects. For the Digester Repair project, the Utility stated that the walls of the digester at the WWTP were cracking. To resolve the issue, the interior of the digester was cleaned, concrete repairs were made, and the interior was coated, and new concrete walls were poured on the exterior of the digester. This project was completed in June 2022. Regarding the Electronic Meter Reading Equipment Upgrades project, the Utility stated that it is having issues capturing all of the readings from the meters due to the reading system being outdated and not functioning properly with the newer meters. To resolve the issue, the Utility intends to switch to new meter reading software. This project is anticipated to be completed in December 2022. SV also requested one operation and maintenance (O&M) pro forma project which is discussed in Section 7.

We requested that three bids be provided for each pro forma project. However, the Utility provided one bid for each item. According to the Utility, the vendor that provided a bid for the Digester Repair project was the only vendor that would provide a bid. Regarding the Electronic Meter Reading Equipment Upgrades project, this project is being completed by the same company that installed the Utility’s water meters. As these improvements are necessary for the Utility to provide safe and reliable service to its customers, we find that these project costs are appropriate.

 **Table 2**

**Pro-Forma Plant Projects**

|  |  |  |  |
| --- | --- | --- | --- |
| **Project** | **Account Number** | **Amount** | **Retirement** |
| Digester Repair | 380 | $99,740 | - |
| Electronic Meter Reading Equipment Upgrades | 334 | $3,009 | ($2,257) |
| Total | **-** | $102,749 | ($2,257) |

 Source: Utility responses to staff data requests.

Based on the above, we increased UPIS for water by $3,009 to reflect pro forma additions, offset by a decrease of $2,257 for pro forma retirements. We also increased UPIS for wastewater by $99,740 to reflect pro forma additions, and there was no retirement associated with the wastewater pro forma addition.

As described above and summarized in Table 3, our adjustments to UPIS result in an increase of $10,935 for water and an increase of $113,140 for wastewater. Therefore, we find an average UPIS balance of $638,347 ($627,412 + $10,935) for water and $915,698 ($802,558 + $113,140) for wastewater.

**Table 3**

**Adjustments to UPIS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Water Adj.** | **Wastewater Adj.** |
| To reflect auditing adjustments. | $12,041 | $17,913 |
| To reflect appropriate amount in transportation accts. | 4,871 | (1,001) |
| To reflect replacement of motor on No. 2 Well. | 8,300 | 0 |
| To reflect averaging adjustments. | (15,030) | (3,513) |
| To reflect pro forma additions. | 3,009 | 99,740 |
| To reflect pro forma retirement. | (2,257) | 0 |
| Total adjustments to UPIS. | $10,935 | $113,140 |

Source: Utility responses to staff data requests.

1. *Land and Land Rights*

The Utility recorded land and land rights balances of $2,621 and $27,935 for water and wastewater, respectively. We made no adjustments to this account and therefore find land and land rights balances of $2,621 for water and $27,935 for wastewater.

1. *Used and Useful (U&U)*

As discussed in Section 3, the Utility’s systems are considered 100 percent U&U. Therefore, no U&U adjustments are necessary.

1. *Accumulated Depreciation*

The Utility recorded an accumulated depreciation balance of $472,234 for water and $553,874 for wastewater. We made auditing adjustments increasing accumulated depreciation by $6,145 for water and $8,280 for wastewater. Additionally, we made an adjustment increasing accumulated depreciation by $190 for water and a decrease of $1,945 for wastewater to reflect the appropriate amounts in plant Accounts 341 and 391 - Transportation Equipment. We decreased accumulated depreciation by $6,103 for water to reflect the replacement of the motor on the Number 2 Well. We made averaging adjustments decreasing accumulated depreciation for water by $5,674 and wastewater by $8,122. We also made adjustments decreasing accumulated depreciation by $2,213 for water, and increasing accumulated depreciation by $6,649 for wastewater to reflect pro forma adjustments.

As described above and summarized in Table 4, our adjustments to accumulated depreciation result in a decrease of $7,654 for water and an increase of $4,863 for wastewater. Therefore, we find an average accumulated depreciation balance of $464,580 ($472,234 - $7,654) for water and $558,737 ($553,874 + $4,863) for wastewater.

**Table 4**

**Adjustments to Accumulated Depreciation**

|  |  |  |
| --- | --- | --- |
| **Description** | **Water Adj.** | **Wastewater Adj.** |
| To reflect auditing adjustments. | $6,145 | $8,280 |
| To reflect appropriate amount in transportation accts. | 190 | (1,945) |
| To reflect replacement of motor on No. 2 Well. | (6,103) | 0 |
| To reflect averaging adjustments. | (5,674) | (8,122) |
| To reflect pro forma adjustments. | (2,213) | 6,649 |
| Total adjustments to accumulated depreciation. | ($7,654) | $4,863 |

Source: Utility responses to staff data requests.

1. *Working Capital Allowance*

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., we used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. Section 367.081(9), F.S., prohibits a utility from earning a return on the unamortized balance of rate case expense. As such, for this calculation we removed the rate case expense balance of $1,283 for water and $1,208 for wastewater. This resulted in an adjusted O&M expense balance of $130,464 ($131,747 - $1,283) for water and $139,625 ($140,833 - $1,208) for wastewater. Applying this formula, we find a working capital allowance of $16,308 ($130,464 ÷ 8) for water and $17,453 ($139,625 ÷ 8) for wastewater.

1. *Rate Base Summary*

Based on the foregoing, we find that the appropriate average test year rate base is $192,696 for water and $402,349 for wastewater. Rate base is shown on Schedule Nos. 1-A and 1-B. The related adjustments are shown on Schedule No. 1-C.

5. Rate of Return

The Utility’s reported capital structure consists entirely of common equity. The Utility has no debt nor customer deposits. We determined that no test year adjustments were necessary. The Utility’s capital structure has been reconciled with our approved rate base. The appropriate return on equity (ROE) is 7.84 percent based upon our approved leverage formula currently in effect.[[4]](#footnote-4) We find an ROE of 7.84 percent, with a range of 6.84 percent to 8.84 percent, and an overall rate of return of 7.84 percent. The ROE and overall rate of return are shown on Schedule No. 2.

6. Test Year Revenues

The Utility recorded total test year revenues of $99,428 for water and $137,440 for wastewater. The Utility did not record any miscellaneous revenues during the test year. To determine the appropriate service revenues for water and wastewater, we applied the number of billing determinants to the Utility’s existing rates. As a result, we determined that service revenues for water shall be $104,124, which is an increase of $4,696 ($104,124 - $99,428). For wastewater, we determined that service revenues shall be $137,965, which is an increase of $525 ($137,965 - $137,440). Based on the above, the appropriate test year revenues for SV’s water system are $104,124 and $137,965 for the wastewater system.

7. Operating Expenses

The Utility recorded operating expense of $153,325 for water and $168,320 for wastewater. The test year O&M expenses have been reviewed by us, including invoices and other supporting documentation. We have made several adjustments to the Utility’s operating expenses as described below.

1. *Operation and Maintenance Expenses*

After review of the Utility’s records, we made no adjustments to the recorded balances in Sludge Removal (711), Materials and Supplies expense (620/720), Contractual Services – Professional (631/731), Contractual Services – Testing (635/735), Insurance Expense (655/755), and Miscellaneous Expense (675/775). Our approved balances for these accounts are shown on Schedule Nos. 3-D and 3-E.

 **Salaries and Wages – Employees (601 / 701)**

The Utility recorded salaries and wages – employee’s expense of $56,176 for water and $64,753 for wastewater. We reviewed the Utility’s response to our staff’s Second Data Request containing salary information on a per employee basis and the audited employee responsibilities and duties. The Utility does not employ its own staff and is operated and managed by employees of Mobile Home Lifestyles, Inc. and Realco Properties, Inc. The Utility’s salary expenses are allocated by the percentage of time the employees spend working on water and wastewater utility matters. The Utility shares a full-time wastewater operator and engineer with four other sister water and wastewater utilities. We reviewed the employee allocations and salaries and find them to be reasonable. Therefore, we find salaries and wages – employee’s expense of $56,176 for water and $64,753 for wastewater.

**Purchased Power (615 / 715)**

The Utility recorded purchased power expenses of $8,678 for water and $16,051 for wastewater. As discussed in Section 3, we found an EUW adjustment of 2.10 percent. As such, we decreased purchased power for water by $182 ($8,678 x 2.10 percent). We made no adjustment to the wastewater balance. Therefore, we find purchased power expense of $8,496 ($8,678 - $182) for water, and $16,051 for wastewater.

 **Chemicals (618 / 718)**

The Utility recorded chemical expenses of $4,527 for water and $7,699 for wastewater. Similarly to purchased power, we decreased chemicals expense for water by $95 to reflect an EUW adjustment of 2.10 percent. We made no adjustment to the wastewater balance, and therefore find a chemicals expense of $4,432 ($4,527 - $95) for water and $7,699 for wastewater.

**Contractual Services – Other (636 / 736)**

The Utility recorded contractual services – other expenses of $37,664 for water and $2,635 for wastewater. SV requested one O&M pro forma project: to have the interiors of its two water tanks coated. The water tanks are required to be inspected every five years by the Polk County Health Department, and coated as needed based on the results of the inspection. During the most recent inspection, it was determined that the interior of the water tanks required new coatings. The Utility only obtained one bid because only one vendor would bid the project. The total for the project was $12,000 (both tanks), and this project has been completed. Based on the above, we find that the O&M cost of coating the interior of the water tanks shall be amortized over five years. We increased contractual services – other by $2,400 to reflect the requested pro forma project amortized over five years ($12,000 ÷ 5 years). Therefore, we find contractual services – other expenses of $40,064 ($37,664 + $2,400) for water and $2,635 for wastewater.

 **Transportation Expense (650 / 750)**

The Utility recorded transportation expenses of $6,151 and $7,073 for water and wastewater, respectively. We decreased this account by $3,590 for water and $2,972 for wastewater to reflect auditing adjustments. Therefore, we find transportation expenses of $2,561 ($6,151 - $3,590) for water and $4,101 ($7,073 - $2,972) for wastewater.

 **Rate Case Expense (665 / 765)**

The Utility did not record any rate case expense. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices containing the rate case overview, final rates, and four-year rate reduction. Because of the rescheduling of the customer meeting due to Hurricane Ian, the Utility was required to mail out a second rate case overview along with notices for the customer meeting. We calculated noticing costs to be $2,995. In correspondence with us, the Utility advised two representatives were present at the Commission Conference.[[5]](#footnote-5) We calculated the round-trip distance from the Utility to Tallahassee as 486 miles. Based on the 2022 IRS business mileage rate of $0.625, we calculated a total travel and lodging expense for both representatives of $1,008. As the Utility is scheduled to have three sister utilities participate in the December 6, 2022 Commission Conference, we equally divided the total travel and lodging expense of $1,008 amongst the four. As such, in the instant docket, we find a travel and lodging expense of $252 ($1,008 ÷ 4).

The Utility retained the legal services of Dean Mead, and on September 21, 2022, provided us with a schedule of actual and estimated rate case expense.[[6]](#footnote-6) In its schedule, the Utility indicated actual legal fees of $429, in addition to estimated legal fees of $4,290. We find these fees are reasonable and are in line with previous dockets represented by Dean Mead. Additionally, the Utility paid a filing fee of $1,000 for water and $1,000 for wastewater.[[7]](#footnote-7)

We calculated the total amount of noticing costs, travel expenses and legal fees of $7,965 ($2,994 + $252 + $4,719). We allocated these costs between water and wastewater based on the number of ERCs, which totaled $4,132 for water and $3,834 for wastewater. In addition to the $1,000 filing fee for each system, we find a total rate case expense of $5,132 for water and $4,834 for wastewater, which amortized over four years is $1,283 and $1,208 for water and wastewater, respectively.

**Bad Debt Expense (670 / 770)**

The Utility recorded bad debt expense of $421 for water and $371 for wastewater for the test year. We note that it is our practice to calculate bad debt expense using a three-year average when the information is available.[[8]](#footnote-8) In its three most recent Annual Reports for 2021, 2020 and 2019, the Utility recorded bad debt expenses of $421, $724 and $991 for the water system, and $371, $534 and $937 for wastewater. This represents an increase of $291 for water and $243 for wastewater. Therefore, we find a bad debt expense of $712 ($421 + $291) for water and $614 ($371 + $243) for wastewater.

1. *Depreciation Expense*

The Utility recorded depreciation expenses of $17,211 for water and $19,775 for wastewater. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., we increased depreciation expense for water by $122 to reflect the motor replacement on the No. 2 Well, and decreased depreciation by $242 to reflect the appropriate amount in plant Account 341 – Transportation Equipment. Additionally, we increased depreciation expense for wastewater by $736 to correspond to the approved balance in plant Account 391 – Transportation Equipment. We further increased depreciation expense by $44 for water and $6,649 wastewater to reflect the incremental depreciation expense associated with pro forma investments. These adjustments result in a net decrease of $76 ($122 - $242 + $44) for water, and an increase of $7,385 ($736 + $6,649) for wastewater. Therefore, we find a depreciation expense of $17,135 ($17,211 - $76) for water and $27,160 ($19,775 + $7,385) for wastewater.

1. *Taxes Other Than Income (TOTI)*

The Utility recorded TOTI of $4,474 for water and $6,191 for wastewater. We increased TOTI by $211 for water and $18 for wastewater to reflect the appropriate RAFs based on corrected Utility test year revenues. We further increased TOTI by $14 for water and $1,767 for wastewater to reflect property taxes associated with pro forma additions. These adjustments result in a test year TOTI increase of $225 ($211 + $14) for water and $1,785 ($18 + $1,767) for wastewater.

As discussed in Section 9, we find that revenues shall be increased by $67,607 for water and $72,825 for wastewater in order to cover expenses and allow an opportunity to earn the approved rate of return. As a result, TOTI shall be increased by $3,042 for water and $3,277 for wastewater to reflect RAFs of 4.5 percent of the change in revenues. Therefore, we find TOTI of $7,741 ($4,474 + $225 + $3,042) for water and $11,252 ($6,191 + $1,785 + $3,277) for wastewater.

1. *Operating Expenses Summary*

The Utility recorded operating expenses of $153,325 for water and $168,320 for wastewater. The application of our approved adjustments to the Utility’s operating expenses result in a total operating expense of $156,623 for water and $179,246 for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B, and the related adjustments are shown on Schedule No. 3-C.

8. Operating Ratio Methodology

Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., we will use the operating ratio methodology to establish the Utility’s revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less rate case expense, and the use of the operating ratio methodology does not change the Utility’s qualification for a SARC.

With respect to SV, we have found a rate base of $192,696 for water and $402,349 for wastewater. After removal of rate case expense, we calculated an O&M expense of $130,464 ($131,747 - $1,283) for water and $139,625 ($140,833 - $1,208) for wastewater. The Utility’s rate base is 147 percent of its adjusted O&M expense for water, and 288 percent of its adjusted O&M expense for wastewater. Based on these ratios, the Utility does not qualify for application of the operating ratio methodology.

9. Revenue Requirement

SV shall be allowed an annual increase of $67,607 (64.93 percent) for water and an annual increase of $72,825 (52.79 percent) for wastewater. This shall allow the Utility the opportunity to recover its expenses and earn a 7.84 percent return on rate base for water and wastewater. The calculations for water are shown in Table 5, and for wastewater in Table 6.

**Table 5**

**Water Revenue Requirement**

|  |  |
| --- | --- |
| Water Rate Base | $192,696 |
| Rate of Return | 7.84% |
| Return on Rate Base | $15,107 |
| Water O&M Expense | $131,747 |
| Depreciation Expense | $17,135 |
| Taxes Other Than Income | $7,741 |
| Revenue Requirement | $171,731 |
| Less Test Year Revenues | $104,124 |
| Annual Increase / (Decrease) | $67,607 |
| Percent Increase / (Decrease) | 64.93% |

Source: Staff calculations.

**Table 6**

**Wastewater Revenue Requirement**

|  |  |
| --- | --- |
| Wastewater Rate Base | $402,349 |
| Rate of Return | 7.84% |
| Return on Rate Base | $31,544 |
| Wastewater O&M Expense | $140,833 |
| Depreciation Expense | $27,160 |
| Taxes Other Than Income | $11,252 |
| Revenue Requirement | $210,790 |
| Less Test Year Revenues | $137,965 |
| Annual Increase / (Decrease) | $72,825 |
| Percent Increase / (Decrease) | 52.79% |

 Source: Staff calculations.

10. Rate Structure

1. *Water Rates*

SV provides water service to approximately 707 residential customers and 6 general service customers. A review of the billing data indicates approximately 15 percent of the residential bills during the test year had zero gallons, which indicates a non-seasonal customer base. The average residential water demand was 4,145 gallons per month. The average water demand, excluding zero gallon bills, was 4,847 gallons per month.

Currently, the Utility’s water rate structure consists of a monthly base facility charge (BFC) and a two-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: 1) 0-5,000 gallons; and 2) all usage in excess of 5,000 gallons per month. The general service and irrigation customers’ rate structure consists of a monthly BFC and a gallonage charge.

We performed an analysis of the Utility’s billing data in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the approved revenue requirement; 2) equitably distribute cost recovery among the Utility’s customers; 3) establish the appropriate non-discretionary usage threshold for restricting repression; and 4) implement, where appropriate, water conserving rate structures consistent with our practice.

In this case, we find that 40 percent of the water revenues be generated from the BFC, which will provide sufficient revenues to design gallonage charges that send pricing signals to customers using above the non-discretionary level. The average people per household served by the water system is 3.0; therefore, based on the number of people per household, 50 gallons per day per person, and the number of days per month, the non-discretionary usage threshold shall be 5,000 gallons per month.[[9]](#footnote-9) Our review of the billing analysis indicates that the discretionary usage above 5,000 gallons represents 28 percent of the bills, which account for approximately 36 percent of the water demand. This is considered moderately high discretionary usage for this customer base.

For this case, we find a BFC and a three-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: 1) 0-5,000 gallons; 2) 5,001-10,000 gallons; and 3) all usage in excess of 10,000 gallons per month. This rate structure sends the appropriate pricing signals because it targets customers with high consumption levels and minimizes price increases for customers at non-discretionary levels. In addition, the third tier provides an additional pricing signal to customers using in excess of 10,000 gallons of water per month, which represents approximately 16 percent of the usage. General service and irrigation customers shall be billed a BFC and a gallonage charge.

Based on the revenue increase of 64.93 percent, the residential consumption can be expected to decline by 3,698,000 gallons resulting in anticipated average residential demand of 3,710 gallons per month. We find that the test year residential gallons shall be reduced by 10.5 percent for rate setting purposes. As a result, the corresponding reductions are $811 for purchased power expense, $423 for chemical expense, and $58 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of $170,438.

1. *Wastewater Rates*

SV provides wastewater service to approximately 707 residential customers and 6 general service customers. Currently, the wastewater rate structure for residential customers consists of a monthly uniform BFC for all meter sizes and gallonage charge with a 8,000 gallonage cap. General service customers are billed a BFC by meter size and gallonage charge that is 1.2 times higher than the residential gallonage charge.

We performed an analysis of the Utility’s billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the approved revenue requirement; 2) equitably distribute cost recovery among the Utility’s customers; and 3) implement a gallonage cap, where appropriate, that considers approximately the amount of water that may return to the wastewater system.

We allocated 50 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants. SV’s current residential wastewater cap is 8,000 gallons per month. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. It is our practice to set the wastewater cap at approximately 80 percent of residential water sold. Based on our review of the billing analysis, approximately 80 percent of the residential gallons are captured at the 8,000 gallon consumption level. For this reason, we find that the Utility’s current gallonage cap of 8,000 gallons per month shall be continued.

General service customers shall continue to be billed a BFC by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge. We evaluate wastewater repression between the non-discretionary threshold (5,000 gallons) and the wastewater gallonage cap (8,000 gallons). Between those two levels, the expected wastewater repression is de minimis. Therefore, we do not find a repression adjustment for wastewater.

1. *Conclusion*

Based on the above, the approved rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B, respectively. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the 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 approved rates shall not be implemented until we have approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

12. Four-Year Rate Reduction (Procedural Agency Action)

Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. With respect to SV, the reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is $1,343 for water and $1,265 for wastewater.

We find that the rates shall be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. SV shall be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

13. Temporary Rates (Procedural Agency Action)

This order approves an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, we find that the proposed rates be approved on a temporary basis. SV shall file revised tariff sheets and a proposed customer notice reflecting the 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 we have approved the proposed notice, and it has been received by the customers. The additional revenue produced by the approved rates and collected by the utility shall be subject to the refund provisions discussed below.

SV shall be authorized to initiate the temporary rates upon our approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security shall be in the form of either a bond or letter of credit in the amount of $95,544. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

If the utility chooses a bond for securing the potential refund, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

1. We approve the rate increase; or,

2. If we deny the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit shall contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.

2. The letter of credit will be in effect until our final order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.

2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.

3. The escrow account shall be an interest bearing account.

4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.

5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.

6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.

7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.

8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.

9. The account must specify by whom and on whose behalf such monies were paid.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with the our Clerk’s office 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 shall also indicate the status of the security being used to guarantee repayment of any potential refund.

14. Adjustment to Books

SV shall be required to notify us, in writing, that it has adjusted its books in accordance with our decision. SV shall submit a letter within 90 days of our final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been made to the Utility’s books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days.

 Based on the foregoing, it is

 ORDERED by the Florida Public Service Commission that the overall quality of service provided by S.V. Utilities, Ltd. is marginal. It is further

ORDERED that S.V. Utilities, Ltd.’s water and wastewater treatment facilities are currently in compliance with DEP regulations. It is further

ORDERED that S.V. Utilities, Ltd.’s WTP, WWTP, water distribution, and wastewater collection systems shall be considered 100 percent U&U. We order that a 2.1 percent adjustment to purchased power and chemicals shall be made for excessive unaccounted for water (EUW). No adjustment is required for excessive infiltration and inflow (I&I). It is further

ORDERED that the appropriate average test year rate base for S.V. Utilities, Ltd. is $192,696 for water and $402,349 for wastewater. It is further

ORDERED that the appropriate return on equity (ROE) is 7.84 percent with a range of 6.84 percent to 8.84 percent. The appropriate overall rate of return is 7.84 percent. It is further

ORDERED that the appropriate test year revenues for S.V. Utilities, Ltd. are $104,124 for water and $137,965 for wastewater. It is further

ORDERED that the appropriate amount of operating expense for S.V. Utilities, Ltd. is $156,623 for water and $179,246 for wastewater. It is further

ORDERED that S.V. Utilities, Ltd. does not meet the requirement for application of the operating ratio methodology for calculating revenue requirement. It is further

ORDERED that the appropriate revenue requirement is $171,731 for water, resulting in an annual increase of $67,607 (64.93 percent). The appropriate revenue requirement is $210,790 for wastewater, resulting in an annual increase of $72,825 (52.79 percent). It is further

ORDERED that the Utility shall file revised tariff sheets and a proposed customer notice to reflect our 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 approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of this notice. It is further

ORDERED that the rates shall be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. S.V. Utilities, Ltd. shall file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. (*Procedural Agency Action)*.It is further

ORDERED that the rates for the utility are approved on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. S.V. Utilities, Ltd. shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates shall be effective for services 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. Prior to implementing any temporary rates, the Utility shall provide appropriate financial security. If rates are approved on a temporary basis, the rates collected by the Utility shall be subject to the refund provisions set forth in the body of this Order. After the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with the Commission’s Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund. *(Procedural Agency Action)*.It is further

ORDERED S.V. Utilities, Ltd. shall notify us, in writing, that it has adjusted its books in accordance with our decision. S.V. Utilities, Ltd. shall submit a letter within 90 days of our final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been made to the Utility’s books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff is given administrative authority to grant an extension of up to 60 days. *(Procedural 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 this docket shall remain open for our staff’s verification that that the revised tariff sheets and customer notice have been filed by the utility, and approved by our staff. In adition, this docket shall remain open until the report with the summary of results of the customer meeting has been submitted by the Utility. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 19th day of December, 2022.

|  |  |
| --- | --- |
|  | /s/ Adam J. Teitzman |
|  | ADAM J. TEITZMANCommission 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.

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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 are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records. 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 January 9, 2023. 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 procedural 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.

|  |  |  |  |
| --- | --- | --- | --- |
|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 1-A |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | SCHEDULE OF WATER RATE BASE |  |  |  |  |
|  |  | BALANCE |  | BALANCE |  |
|  |  | PER | COMMISSION | PER |  |
|  | DESCRIPTION | UTILITY | ADJUSTMENT | STAFF |  |
|  |  |  |  |  |  |
| 1. | UTILITY PLANT IN SERVICE | $627,412 | $10,935 | $638,347 |  |
|  |  |  |  |  |  |
| 2. | LAND & LAND RIGHTS | 2,621 | 0 | 2,621 |  |
|  |  |  |  |  |  |
| 3. | ACCUMULATED DEPRECIATION | (472,234) | 7,654 | (464,580) |  |
|  |  |  |  |  |  |
| 4. | CIAC | 0 | 0 | 0 |  |
|  |  |  |  |  |  |
| 5. | ACCUMULATED AMORT. CIAC | 0 | 0 | 0 |  |
|  |  |  |  |  |  |
| 6. | WORKING CAPITAL ALLOWANCE | $0 | $16,308 | $16,308 |  |
|  |  |  |  |  |  |
|  | WATER RATE BASE | $157,799 | $34,897 | $192,696 |  |
|  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 1-B |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | SCHEDULE OF WASTEWATER RATE BASE |  |  |  |
|  |  | BALANCE |  | BALANCE |  |
|  |  | PER | COMMISSION | PER |  |
|  | DESCRIPTION | UTILITY | ADJUSTMENT | STAFF |  |
|  |  |  |  |  |  |
| 1. | UTILITY PLANT IN SERVICE | $802,558 | $113,140 | $915,698 |  |
|  |  |  |  |  |  |
| 2. | LAND & LAND RIGHTS | 27,935 | 0 | 27,935 |  |
|  |  |  |  |  |  |
| 3. | ACCUMULATED DEPRECIATION | (553,874) | (4,863) | (558,737) |  |
|  |  |  |  |  |  |
| 4. | CIAC | 0 | 0 | 0 |  |
|  |  |  |  |  |  |
| 5. | ACCUMULATED AMORT. CIAC | 0 | 0 | 0 |  |
|  |  |  |  |  |  |
| 6. | WORKING CAPITAL ALLOWANCE | $0 | $17,453 | $17,453 |  |
|  |  |  |  |  |  |
|  | WASTEWATER RATE BASE | $276,619 | $125,730 | $402,349 |  |
|  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 1-C |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | ADJUSTMENTS TO RATE BASE |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  | WATER | WASTEWATER |  |
|  | UTILITY PLANT IN SERVICE |  |  |  |  |
| 1. | To reflect auditing adjustments. |  | $12,041 | $17,913 |  |
| 2. | To reflect the appropriate amount in transportation accts. |  | 4,871 | (1,001) |  |
| 3.  | To reflect replacement of motor on No. 2 Well. |  | 8,300 | 0 |  |
| 4. | To reflect averaging adjustments. |  | (15,030) | (3,513) |  |
| 5. | To reflect pro forma additions. |  | 3,009 | 99,740 |  |
| 6. | To reflect pro forma retirement. |  | ($2,257) | $0 |  |
|  | Total adjustments. |  | $10,935 | $113,140 |  |
|  |  |  |  |  |  |
|  | ACCUMULATED DEPRECIATION |  |  |  |  |
| 1. | To reflect auditing adjustments. |  | ($6,145) | ($8,280) |  |
| 2. | To reflect the appropriate amount in transportation accts. |  | (190) | 1,945 |  |
| 3 | To reflect replacement of motor on No. 2 Well. |  | 6,103 | 0 |  |
| 4. | To reflect averaging adjustments. |  | 5,674 | 8,122 |  |
| 5. | To reflect pro forma adjustments. |  | $2,213 | ($6,649) |  |
|  | Total adjustments |  | $7,654 | ($4,863) |  |
|  |  |  |  |  |  |
|  | WORKING CAPITAL ALLOWANCE |  |  |  |  |
|  | To reflect 1/8 of test year O&M expenses. |  | $16,308 | $17,453 |  |
|  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 2 |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | SCHEDULE OF CAPITAL STRUCTURE |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | BALANCE | SPECIFIC | PRO RATA | BALANCE | PERCENT |  |  |  |
|  |  | PER | ADJUST- | ADJUST- | PER | OF |  | WEIGHTED |  |
|  | COMPONENT | UTILITY | MENTS | MENTS | COMM. | TOTAL | COST | COST |  |
|  |  |  |  |  |  |  |  |  |  |
| 1. | LONG-TERM DEBT | $0 | $0 | $0 | $0 | 0.00% | 0.00% | 0.00% |  |
| 2. | SHORT-TERM DEBT | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |  |
| 3. | COMMON EQUITY | 1,993,131 | 0 | (1,398,086) | 595,045 | 100.00% | 7.84% | 7.84% |  |
| 4. | CUSTOMER DEPOSITS | 0 | 0 | 0 | 0 | 0.00% | 2.00% | 0.00% |  |
| 5. | DEFERRED INCOME TAXES | $0 | 0 | $0 | $0 | 0.00% | 0.00% | 0.00% |  |
|  | TOTAL CAPITAL | $1,993,131 | $0 | ($1,398,086) | $595,045 | 100.00% |  | 7.84% |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | RANGE OF REASONABLENESS | LOW | HIGH |  |
|  |  |  |  |  RETURN ON EQUITY | 6.84% | 8.84% |  |
|  |  |  |  |  OVERALL RATE OF RETURN | 6.84% | 8.84% |  |
|  |  |  |  |  |  |  |  |

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|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 3-A |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | SCHEDULE OF WATER OPERATING INCOME |  |  |  |  |
|  |  | TEST | COMM. | COMM. | ADJUST |  |  |
|  |  | YEAR PER | ADJUST- | ADJUSTED | FOR | REVENUE |  |
|  |  | UTILITY | MENTS | TEST YEAR | INCREASE | REQUIREMENT |  |
|  |  |  |  |  |  |  |  |
| 1. | TOTAL OPERATING REVENUES | $99,428 | $4,696 | $104,124 | $67,607 | $171,731 |  |
|  |  |  |  |  | 64.93% |  |  |
|  |  |  |  |  |  |  |  |
|  | OPERATING EXPENSES |  |  |  |  |  |  |
| 2. |  OPERATION & MAINTENANCE | $131,640 | $107 | $131,747 | $0 | $131,747 |  |
| 3. |  DEPRECIATION | 17,211 | (76) | 17,135 | 0 | 17,135 |  |
| 4 |  AMORTIZATION | 0 | 0 | 0 | 0 | 0 |  |
| 5. |  TAXES OTHER THAN INCOME | 4,474 | 225 | 4,699 | 3,042 | 7,741 |  |
| 6. |  INCOME TAXES | 0 | 0 | 0 | 0 | 0 |  |
|  | TOTAL OPERATING EXPENSES | $153,325 | $256 | $153,581 | $3,042 | $156,623 |  |
|  |  |  |  |  |  |  |  |
| 7. | OPERATING INCOME / (LOSS) | ($53,897) |  | ($49,457) |  | $15,107 |  |
|  |  |  |  |  |  |  |  |
| 8. | WATER RATE BASE | $157,799 |  |  |  | $192,696 |  |
|  |  |  |  |  |  |  |  |
| 9. | RATE OF RETURN |  |  |  |  | 7.84% |  |
|  |  |  |  |  |  |  |  |

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|  | S. V. UTILITIES, LTD.. | SCHEDULE NO. 3-B |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | SCHEDULE OF WASTEWATER OPERATING INCOME |  |  |  |  |
|  |  | TEST | COMM. | COMM. | ADJUST |  |  |
|  |  | YEAR PER | ADJUST- | ADJUSTED | FOR | REVENUE |  |
|  |  | UTILITY | MENTS | TEST YEAR | INCREASE | REQUIREMENT |  |
|  |  |  |  |  |  |  |  |
| 1. | TOTAL OPERATING REVENUES | $137,567 | $398 | $137,965 | $72,825 | $210,790 |  |
|  |  |  |  |  | 52.79% |  |  |
|  |  |  |  |  |  |  |  |
|  | OPERATING EXPENSES |  |  |  |  |  |  |
| 2. |  OPERATION & MAINTENANCE | $142,354 | ($1,521) | $140,833 | $0 | $140,833 |  |
| 3. |  DEPRECIATION | 19,775 | 7,385 | 27,160 | 0 | 27,160 |  |
| 4 |  AMORTIZATION | 0 | 0 | 0 | 0 | 0 |  |
| 5. |  TAXES OTHER THAN INCOME | 6,191 | 1,785 | 7,975 | 3,277 | 11,252 |  |
| 6. |  INCOME TAXES | 0 | 0 | 0 | 0 | 0 |  |
|  | TOTAL OPERATING EXPENSES | $168,320 | $7,650 | $175,969 | $3,277 | $179,246 |  |
|  |  |  |  |  |  |  |  |
| 7. | OPERATING INCOME / (LOSS) | ($30,753) |  | (38,004) |  | $31,544 |  |
|  |  |  |  |  |  |  |  |
| 8. | WASTEWATER RATE BASE | $276,619 |  |  |  | $402,349 |  |
|  |  |  |  |  |  |  |  |
| 9. | RATE OF RETURN |  |  |  |  | 7.84% |  |
|  |  |  |  |  |  |  |  |

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|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 3-C |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | ADJUSTMENTS TO OPERATING INCOME |  |  |  |
|  |  | WATER | WASTEWATER |  |
|  | OPERATING REVENUES |  |  |  |
|  | To reflect the appropriate test year service revenues. | $4,696 | $398 |  |
|  |  |  |  |  |
|  | OPERATION AND MAINTENANCE EXPENSE |  |  |  |
| 1. | Purchased Power (615 / 715) |  |  |  |
|  | To reflect EUW adjustment of 2.10 percent. | ($182) | $0 |  |
|  |  |  |  |  |
| 2. | Chemicals Expense (618 / 718) |  |  |  |
|  | To reflect EUW adjustment of 2.10 percent. | ($95) | $0 |  |
|  |  |  |  |  |
| 3. | Contractual Services – Other (636 / 736) |  |  |  |
|  | To reflect pro forma coating water tanks amortized five years. | $2,400 | $0 |  |
|  |  |  |  |  |
| 4. | Transportation Expense (650 / 750) |  |  |  |
|  | To reflect auditing adjustments. | ($3,590) | ($2,972) |  |
|  |  |  |  |  |
| 5. | Rate Case Expense (665 / 765) |  |  |  |
|  | To reflect 1/4 rate case expense. | $1,283 | $1,208 |  |
|  |  |  |  |  |
| 6. | Bad Debt Expense (670 / 770) |  |  |  |
|  | To reflect 2 percent of test year revenues. | $291 | $243 |  |
|  |  |  |  |  |
|  | TOTAL OPERATION AND MAINTENANCE EXPENSE | $107 | ($1,521) |  |
|  |  |  |  |  |
|  | DEPRECIATION EXPENSE |  |  |  |
| 1. | To reflect appropriate amount in transportation account. | ($242) | $736 |  |
| 2. | To reflect replacement of motor on No. 2 Well. | 122 | 0 |  |
| 3. | To reflect pro forma adjustments. | $44 | $6,649 |  |
|  | Total | ($76) | $7,385 |  |
|  |  |  |  |  |
|  | TAXES OTHER THAN INCOME |  |  |  |
| 1. | To reflect appropriate test year RAFs. | $211 | $18 |  |
| 2. | To reflect property taxes associated with pro forma adjustment. | $14 | $1,767 |  |
|  | Total | $225 | $1,785 |  |
|  |  |  |  |  |
|  | TOTAL OPERATING EXPENSE ADJUSTMENTS | $256 | $7,650 |  |
|  |  |  |  |  |

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|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 3-D |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | ANALYSIS OF WATER O&M EXPENSE |  |  |  |
|  |  |  | TOTAL | COMM. | TOTAL |  |
|  |  |  | PER | ADJUST- | PER |  |
|  | ACCT. | DESCRIPTION | UTILITY | MENT | COMMISSION |  |
|  |  |  |  |  |  |  |
|  | 601 | Salaries and Wages – Employees | $56,176 | $0 | $56,176 |  |
|  | 615 | Purchased Power | 8,678 | (182) | 8,496 |  |
|  | 618 | Chemicals | 4,527 | (95) | 4,432 |  |
|  | 620 | Materials and Supplies | 6,362 | 0 | 6,362 |  |
|  | 631 | Contractual Services – Professional | 1,153 | 0 | 1,153 |  |
|  | 635 | Contractual Services – Testing | 3,912 | 0 | 3,912 |  |
|  | 636 | Contractual Services – Other | 37,664 | 2,400 | 40,064 |  |
|  | 650 | Transportation Expense | 6,151 | (3,590) | 2,561 |  |
|  | 655 | Insurance Expense | 4,738 | 0 | 4,738 |  |
|  | 665 | Rate Case Expense | 0 | 1,283 | 1,283 |  |
|  | 670 | Bad Debt Expense | 421 | 291 | 712 |  |
|  | 675 | Miscellaneous Expenses | $1,858 | $0 | $1,858 |  |
|  |  |  |  |  |  |  |
|  |  | Total O&M Expense | $131,640 | $107 | $131,747 |  |
|  |  |  |  |  |  |  |
|  |  | Working Capital is 1/8 O&M less RCE |  |  | $16,308 |  |
|  |  |  |  |  |  |  |

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|  | S. V. UTILITIES, LTD. | SCHEDULE NO. 3-E |  |
|  | TEST YEAR ENDED 12/31/2021 | DOCKET NO. 20220035-WS |  |
|  | ANALYSIS OF WASTEWATER O&M EXPENSE |  |  |  |
|  |  |  | TOTAL | COMM. | TOTAL |  |
|  |  |  | PER | ADJUST- | PER |  |
|  | ACCT. | DESCRIPTION | UTILITY | MENT | STAFF |  |
|  |  |  |  |  |  |  |
|  | 701 | Salaries and Wages – Employees | $64,753 | $0 | $64,753 |  |
|  | 711 | Sludge Removal Expense | 21,035 | 0 | 21,035 |  |
|  | 715 | Purchased Power | 16,051 | 0 | 16,051 |  |
|  | 718 | Chemicals | 7,699 | 0 | 7,699 |  |
|  | 720 | Materials and Supplies | 4,567 | 0 | 4,567 |  |
|  | 731 | Contractual Services – Professional | 10,620 | 0 | 10,620 |  |
|  | 735 | Contractual Services – Testing | 2,045 | 0 | 2,045 |  |
|  | 736 | Contractual Services – Other | 2,635 | 0 | 2,635 |  |
|  | 750 | Transportation Expense | 7,073 | (2,972) | 4,101 |  |
|  | 755 | Insurance Expense | 4,738 | 0 | 4,738 |  |
|  | 765 | Rate Case Expense | 0 | 1,208 | 1,208 |  |
|  | 770 | Bad Debt Expense | 371 | 243 | 614 |  |
|  | 775 | Miscellaneous Expenses | $767 | $0 | $767 |  |
|  |  |  |  |  |  |  |
|  |  | Total O&M Expense | $142,354 | ($1,521) | $140,833 |  |
|  |  |  |  |  |  |  |
|  |  | Working Capital is 1/8 O&M less RCE |  |  | $17,453 |  |
|  |  |  |  |  |  |  |

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| **S. V. UTILITIES, LTD.** |  |  | **SCHEDULE NO. 4-A** |
| **TEST YEAR ENDED DECEMBER 31, 2021** |  | **DOCKET NO. 20220035-WS** |
| **MONTHLY WATER RATES** |   |   |  |
|  | **UTILITY** | **COMMISSION** | **4 YEAR** |
|   | **CURRENT** | **APPROVED** | **RATE** |
|   | **RATES**  | **RATES** | **REDUCTION** |
|   |  |  |   |
| **Residential and General Service** |  |  |   |
| Base Facility Charge by Meter Size |  |  |   |
| 5/8"X3/4" | $4.42  | $7.14  | $0.06  |
| 3/4" | $6.63  | $10.71  | $0.08  |
| 1" | $11.05  | $17.85  | $0.14  |
| 1-1/4" | $17.68  | $28.56  | $0.23  |
| 1-1/2" | $22.10  | $35.70  | $0.28  |
| 2" | $35.36  | $57.12  | $0.45  |
| 3" | $70.72  | $114.24  | $0.90  |
| 4" | $110.50  | $178.50  | $1.41  |
| 6" | $221.00  | $357.00  | $2.82  |
| 8" | $353.60  | $571.20  | $4.51  |
|   |  |  |   |
| Charge per 1,000 gallons - Residential |  |  |   |
| 0 - 5,000 gallons | $1.29  | N/A | N/A |
| Over 5,000 gallons | $1.96  | N/A | N/A |
|   |  |  |   |
| Charge per 1,000 gallons - Residential |  |  |   |
| 0 - 5,000 gallons | N/A | $2.51  | $0.02  |
| 5,001 - 10,000 gallons | N/A | $3.35  | $0.03  |
| Over 10,000 gallons | N/A | $4.18  | $0.03  |
|   |  |  |   |
| Charge per 1,000 gallons - General Service | $1.44  | $2.85  | $0.02  |
|  |  |  |  |
| **Irrigation** |  |  |  |
| Base Facility Charge for All Meter Sizes | $4.42 | $7.14 | $0.06 |
|  |  |  |  |
| Charge Per 1,000 gallons – Irrigation | $1.44 | $2.85 | $0.02 |
|  |  |  |  |
| **Typical Residential 5/8" x 3/4" Meter Bill Comparison** |  |  |   |
| 2,000 Gallons | $7.00  | $12.16  |   |
| 4,000 Gallons | $9.58  | $17.18  |   |
| 6,000 Gallons | $12.83  | $23.04  |   |

|  |  |  |  |
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| **S. V. UTILITIES, LTD.** |  |  | **SCHEDULE NO. 4-B** |
| **TEST YEAR ENDED DECEMBER 31, 2021** |  | **DOCKET NO. 20220035-WS** |
| **MONTHLY WASTEWATER RATES** |   |   |  |
|  | **UTILITY** | **COMMISSION** | **4 YEAR** |
|   | **CURRENT** | **APPROVED** | **RATE** |
|   | **RATES**  | **RATES** | **REDUCTION** |
|   |  |  |   |
| **Residential and General Service** |  |  |   |
| Base Facility Charge by Meter Size |  |  |   |
| 5/8"X3/4" | $9.09  | $12.11  | $0.07  |
| 3/4" | $13.64  | $18.17  | $0.11  |
| 1" | $22.73  | $30.28  | $0.18  |
| 1-1/4" | $36.36  | $48.44  | $0.29  |
| 1-1/2" | $45.45  | $60.55  | $0.36  |
| 2" | $72.72  | $96.88  | $0.58  |
| 3" | $145.44  | $193.76  | $1.16  |
| 4" | $227.25  | $302.75  | $1.82  |
| 6" | $454.50  | $605.50  | $3.63  |
| 8" | $727.20  | $968.80  | $5.81  |
|   |  |  |   |
| Charge per 1,000 gallons - Residential | $1.99  | $3.55  | $0.02  |
|  8,000 gallon cap |  |  |   |
| Charge per 1,000 gallons - General Service | $2.38  | $4.26  | $0.03  |
|   |  |  |   |
|   |  |  |   |
| **Typical Residential 5/8" x 3/4" Meter Bill Comparison** |  |   |
| 2,000 Gallons | $13.07  | $19.21  |   |
| 4,000 Gallons | $17.05  | $26.31  |   |
| 6,000 Gallons | $21.03  | $33.41  |   |

1. Order No. PSC-99-1234-PAA-WS, issued June 22, 1999, in Docket No. 19981337-WS, *In re: Application for grandfather certificates to operate water and wastewater utility in Polk County by S.V. Utilities, Ltd.* [↑](#footnote-ref-1)
2. Order No. PSC-14-0195-PAA-WS, issued May 1, 2014, in Docket No. 20130211-WS, *In re: Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd*. [↑](#footnote-ref-2)
3. Order No. PSC-14-0195-PAA-WS, issued May 1, 2014, in Docket No. 20130211-WS, *In re: Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd*. [↑](#footnote-ref-3)
4. Order No. PSC-2022-0208-PAA-WS, issued June 15, 2022, in Docket No. 20220006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.* [↑](#footnote-ref-4)
5. Document No. 07477-2022, filed on September 21, 2022. [↑](#footnote-ref-5)
6. Ibid. [↑](#footnote-ref-6)
7. Document No. 02348-2022, filed on April 11, 2022. [↑](#footnote-ref-7)
8. Order No. PSC-2022-0043-PAA-WU, issued on January 26, 2022, in Docket No. 20210055-WU, *In re: Application for staff-assisted rate case in Lake County by Brendenwood Waterworks, Inc.;* Order No. PSC-2021-0106-PAA-WS, issued on March 17, 2021, in Docket No. 20200169-WS, *In re: Application for staff-assisted rate case in Lake County, and request for interim rate increase, by Lake Yale Utilities, LLC.;* Order No. PSC-2021-0107-PAA-WU, issued on March 19, 2021, in Docket No. 20200168-WU, *In re: Application for staff-assisted rate case in Polk County, and request for interim rate increase, by McLeod Gardens Utilities, LLC.* [↑](#footnote-ref-8)
9. Average person per household was obtained from [www.census.gov/quickfacts/polkcounty](http://www.census.gov/quickfacts/polkcounty) [↑](#footnote-ref-9)