

State of Florida



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

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COMMISSION CLERK

**DATE:** March 15, 2012

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Brady, Rieger)  
Office of the General Counsel (Jaeger)

*pb* *PR* *SPR*  
*CR319* *JSC*

**RE:** Docket No. 090445-WS – Application for original certificates for proposed water and wastewater system and request for initial rates and charges in Indian River, Okeechobee and St. Lucie counties by Grove Land Utilities, LLC.  
Counties: Indian River, Okeechobee, and St. Lucie

**AGENDA:** 03/27/12 – Regular Agenda – Proposed Agency Action for Issues 2 - 5 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Brisé

**CRITICAL DATES:** 04/12/12 (Statutory deadline for original certificate pursuant to Section 367.031, Florida Statutes)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\090445.RCM.DOC

### Case Background

On September 11, 2009, Grove Land Utilities, LLC (Grove Land, utility) filed an application for original water and wastewater certificates and initial rates and charges. The utility is an LLC which is ultimately owned by Evans Properties, Inc. (Evans) through a utility subsidiary, Evans Utilities Company, Inc. The proposed territory consists of a total of 11,208 acres, all owned by Evans, with 3,823 acres in Indian River County (Indian River), 5,628 acres in Okeechobee County (Okeechobee), and 1,757 acres in St. Lucie County (St. Lucie). While Okeechobee and St. Lucie Counties have turned over jurisdiction of the privately owned water

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and wastewater utilities within their counties to the Commission, pursuant to Chapter 367.171, Florida Statutes (F.S.), Indian River has not. However, pursuant to Section 367.171(7), F.S., the Commission has exclusive jurisdiction over all utility systems whose service transverses county boundaries, whether the counties involved are jurisdictional or nonjurisdictional; therefore, the Commission has jurisdiction over the portion of the proposed service area in Indian River. Grove Land's service territory is located in both the South Florida Water Management District (SFWMD) and the St. Johns River Water Management District (SJRWMD). At buildout, Grove Land proposes to serve 1,296 water and 1,286 wastewater equivalent residential connections (ERC).

On September 25, 2009, shortly after the application in this docket was filed, a separate application for original water and wastewater certificates and initial rates and charges was filed by Bluefield Utilities, LLC (Bluefield), another LLC wholly owned by Evans, in Docket No. 090459-WS. In October of 2009, St. Lucie, Indian River, Fort Pierce Utilities Authority (FPUA), and Okeechobee filed for leave to intervene and objection to the application in this docket. Bluefield's application received similar objections from St. Lucie, FPUA, the City of Port Lucie, and Martin County. On March 26, 2010, Indian River withdrew its objection to this docket pursuant to a settlement agreement between Indian River and Grove Land. On April 7, 2010, Order No. PSC-10-0224-PCO-WS was issued consolidating the Grove Land and Bluefield dockets and establishing the procedures for a hearing to be held on February 1 and 2, 2011. On December 12, 2010, Order No. PSC-10-0728-PCO-WS was issued granting an emergency stipulated motion for abatement. Continued motions for abatement were granted by orders issued on February 7, 2011, March 8, 2011, and June 21, 2011.<sup>1</sup>

On April 8, 2010, FPUA withdrew its objection to the application in this docket. On October 18, 2010, Okeechobee also withdrew its petition to intervene and objection to the application in this docket. Finally, on January 13, 2012, pursuant to a settlement agreement filed with the Commission on January 4, 2012, St. Lucie also withdrew its objection to Grove Land's application. On February 24, 2012, Order No. PSC-12-0083-PCO-WS was issued rescinding the prior order consolidating the Grove Land and Bluefield applications so that Grove Land's application could proceed to agenda.

With the withdrawal of St. Lucie County's objection on January 13, 2012, as the last remaining objection, there are no outstanding objections to Grove Land's application. Therefore, pursuant to the statutory deadline for original certificates in Section 367.031, F.S., the application must be ruled upon by April 12, 2012. This recommendation addresses water and wastewater certificates and the establishment of initial rates and charges. The Commission has jurisdiction pursuant to Sections 367.031, 367.045, 367.081, 367.091, 367.101, and 367.171, F.S.

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<sup>1</sup> Order Nos. PSC-11-0102-PCO-WS, PSC-11-0160-PCO-WS, and PSC-11-0268-PCO-WS, respectively.

### **Discussion of Issues**

**Issue 1:** Should the application for original water and wastewater certificates by Grove Land Utilities, LLC be approved?

**Recommendation:** Yes. Grove Land should be granted Certificate Nos. 658-W and 563-S to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as the utility's water and wastewater certificates and it should be retained by the utility. Grove Land should be required to file executed copies of its water and wastewater lease agreements, containing a legal description of the lease sites, within 30 days after the date of the order granting the certificates. (Brady, Rieger, Jaeger)

**Staff Analysis:** On September 11, 2009, Grove Land filed an application for original certificates to provide water and wastewater services in Indian River, Okeechobee, and St. Lucie Counties. The application is in compliance with the governing statute, Section 367.045, F.S., and other pertinent statutes and administrative rules concerning an application for original certificates.

**Notice.** The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code (F.A.C.). As noted, the application was protested by several governmental entities, all of which have subsequently withdrawn their objections, with the last objection withdrawn on January 13, 2012. Therefore, pursuant to the statutory deadline for original certificates in Section 367.031, F.S., the application must be ruled upon by April 12, 2012.

**Territory.** The application contains adequate service territory and system maps, along with a territory description, as prescribed by Rule 25-30.033(1)(l),(m) and (n), F.A.C. A description of Grove Land's water and wastewater territory is appended to this recommendation as Attachment A.

**Proof of Ownership.** Pursuant to Rule 25-30.033(1)(j), F.A.C., the application contains proposed water and wastewater lease agreements provided as proof that the utility will have long-term access to the land upon which the water and wastewater treatment facilities will be located. As noted, all the land is owned by Grove Land's parent, Evans. The lease agreements are for the initial term of twenty years and provide for automatic renewals after the initial term without the necessity for the execution of any further instruments. The renewals will be in increments of 10 years, up to a maximum of 99 years. Staff believes that the leases provide proof that the utility will have long-term access to the land upon which the water and wastewater treatment facilities will be located. Staff recommends that the utility be required to file executed copies of its water and wastewater lease agreements, containing a legal description of the lease sites, within 30 days after the date of the order granting the certificates, pursuant to Rule 25-30.033(1)(j), F.A.C. It should be noted that acceptance of the leases as proof of long-term access to the land under the treatment facilities is not a determination as to the prudence of the costs of these leases.

**Financial and Technical Ability.** Rule 25-30.033(1)(e), (r), and (s), F.A.C., requires a statement showing the financial and technical ability of the applicant to provide service, a detailed financial statement, and a list of all entities upon which the applicant is relying to

provide funding along with those entities' financial statements. Since Grove Land has not been authorized by the Commission to provide service for compensation, it is relying upon the financial backing of its parent and landowner, Evans. The Commission has traditionally allowed reliance on the parent's financial ability in situations such as this.<sup>2</sup> The Commission's reasoning has been the logical vested interest of a parent in the financial stability of its subsidiary. The application contains Evans' most recent financial statement as well as a funding agreement between Evans and Grove Land, whereby Evans agrees to provide reasonable and necessary funding to the utility to build and operate the utility systems in Indian River, Okeechobee, and St. Lucie Counties. The application indicates that Evans owns and controls 43,000 acres of real property in Florida, free and clear of debt, on which it conducts substantial commercial activities. In addition, Evans has conducted continuous and successful business operations in Florida for over fifty years. Staff believes that Evans' financial statement and continuous business operations in Florida show adequate and stable funding reserves for the utility. Therefore, staff recommends that Grove Land has demonstrated that it will have access to adequate financial resources to operate the utility.

With respect to technical ability, the application indicates Grove Land's intent to retain the best people to design the facilities, work with state and local governments in the permitting and construction of the facilities, and operate the facilities thereafter. Due to the resources Grove Land expended during the organizational phase of the certificate process, the financial resources pledged by its parent, as well as the parent's prior experience in utilizing water resources for citrus production, staff recommends that Grove Land has demonstrated that it will have access to adequate technical resources to operate the utility.

**Need for Service.** Rule 25-30.033(1)(e), F.A.C., also requires a showing of the need for service in the proposed area to be served, the identity of any other utilities within the proposed area that could potentially provide service, and the steps the applicant took to ascertain whether such other service is available. The proposed service area consists of three separate areas of land, all owned by Evans. According to the application, the most immediate need for service is the provision of central water service to the existing residences and shops for which Grove Land received a request for service from Evans. In addition, Evans requested that Grove Land provide service for bulk water and intensified agribusiness customers. The original application indicated that there are no central potable water or wastewater services in the area nor any other utility capable of providing the necessary level of service. In addition, since Grove Land's parent owns all the land in its proposed service territory, Grove Land believes it would be in the best position to provide water and wastewater services in the most efficient and cost-effective manner.

Copies of letters supporting Grove Land's application were provided by the Department of Agriculture and Consumer Services (Dept. of Agriculture), SFWMD, and SJRWMD. The

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<sup>2</sup> Order No. PSC-08-0540-PAA-WS, issued August 18, 2008, in Docket No. 080103-WS, In re: Application for certificates to provide water and wastewater service in Hardee and Polk Counties by TBBT Utility LLC; Order No. PSC-07-0076-PAA-SU, issued January 29, 2007, in Docket No. 060602-SU, In re: Application for certificate to provide wastewater service in Lee and Charlotte Counties by Town and Country Utilities Company; and Order No. PSC-07-0274-PAA-WS, issued April 2, 2007, in Docket No. 060694-WS, In re: Application for certificates to provide water and wastewater service in Flagler and Volusia Counties by D & E Water Resources.

Dept. of Agriculture, acknowledging the unprecedented challenges facing citrus growers due to the impacts of citrus greening and canker as well as poor market conditions and global competition, supported Evans' efforts to diversify its business activities. The SFWMD and SJRWMD expressed their support for the public-private partnership proposed by Evans to capture excess water currently being discharged into Indian River Lagoon's estuarine system by constructing a reservoir and stormwater treatment area located on Evans' property. The reservoir would reduce damaging tidal discharges into the Indian River Lagoon and improve the health of the St. Lucie River and estuary while also providing a significant new source of water. Other projects under consideration for the Grove Land properties include residential and commercial development, wastewater services in response to new nutrient standards, production of biofuels, and service for onsite worker housing. Staff recommends that Grove Land has provided a demonstration of need consistent with prior Commission decisions.<sup>3</sup>

**Comprehensive Plan Consistency.** Rule 25-30.033(1)(f), F.A.C., requires a statement that, to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs (DCA) at the time the application is filed. Grove Land's application contains such a statement and the proposed ERCs through buildout of Phase IV are consistent with the allowed densities in the Future Land Use Maps of Indian River, Okeechobee, and St. Lucie Counties. While the DCA originally objected to the application, in a letter dated July 14, 2011, it stated it no longer had any objections to the application given its newly created role which leaves local governments with the primary role of commenting on comprehensive plan consistency. Further, Indian River, Okeechobee, and St. Lucie Counties' objections to the application, in part based on comprehensive plan issues, have been withdrawn. Therefore, staff recommends that Grove Land has demonstrated that the provision of potable water and wastewater services will be consistent with the local comprehensive plans.

**Facilities Design.** Rule 25-30.033(1)(g), (h), and (i), F.A.C., requires a description of when the applicant proposes to begin service, the number of ERCs proposed to be served, and the types of customers. Grove Land proposes to provide potable water and wastewater services in four phases. Construction for Phase I is intended to begin as soon as practicable after certification and be completed within six years, with 80 percent buildout in year five. In Phase I, potable water service will be provided to 195 ERCs, including the existing 10 ERCs, and wastewater service will be provided to 185 ERCs, with existing structures continuing to utilize on-site septic systems. At buildout of Phase IV in 2025, the utility proposes to serve 1,296 potable water and 1,286 wastewater ERCs. Proposed initial rates and charges are based on residential and general service customers served by 5/8" x 3/4" meters.

Rule 25-30.033(1)(o), (p), and (q), F.A.C., requires statements regarding the proposed capacities of lines and plant, types of treatment provided, and whether effluent disposal by means of reuse will be utilized. The total proposed water system capacity for Phase I is 68,250 gallons per day (gpd), which will be provided by three 12-inch wells and treated by chlorination. The

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<sup>3</sup> Order No. PSC-04-0980-FOF-WU, p. 7, issued October 8, 2004, in Docket No. 021256-WU, In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farnton Water Resources, LLC and Order No. PSC-92-0104-FOF-WU, p. 19, issued March 27, 1992, in Docket No. 910114-WU, In re: Application of East Central Services, Inc., for an original certificate in Brevard, Orange and Osceola Counties.

total proposed wastewater system capacity for Phase I is 49,950 gpd, which will utilize a low-pressure collection system. Treatment will be by three separate wastewater treatment plants using extended aeration and nitrogen removal processes. Effluent disposal will be by means of percolation ponds and rapid infiltration basins. Reuse for effluent disposal is not financially feasible in Phase I, but will be considered for future phases.

**Regulatory Requirements.** Grove Land has indicated its intent to comport with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts. In addition, Grove Land has indicated it is aware that it may not change its rates or charges, add new services, serve outside its certificated territory, or sell the utility without prior Commission approval.

**Conclusion.** Based on all the above, staff recommends that it is in the public interest to grant Grove Land Utilities, LLC Certificate Nos. 658-W and 563-S to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as the utility's water and wastewater certificates and it should be retained by the utility. Grove Land should be required to file executed copies of its water and wastewater lease agreements, containing a legal description of the lease sites, within 30 days after the date of the order granting the certificates.

**Issue 2:** What are the appropriate potable water and wastewater rates and return on investment for Grove Land Utilities, LLC?

**Recommendation:** Grove Land's potable water and wastewater rates shown on Schedule Nos. 1 and 2, respectively, are reasonable and should be approved. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A return on equity of 11.16 percent plus or minus 100 basis points should also be approved. (Brady, Rieger)

**Staff Analysis:** Rule 25-30.033(1)(t), (u), (v), and (w), F.A.C., specifies the requirements for establishing rates and charges for original certificates, including submission of a cost study, growth projections, and data related to the projected plant, capital structure, and operating expenses. As noted, Grove Land's proposed water and wastewater rates are based on 80 percent of Phase I capacity, which is consistent with Commission policy for setting initial rates and charges. Grove Land anticipates that 80 percent of Phase I design capacity will occur five years after the initiation of construction. The water and wastewater facilities are conceptually designed to be in accordance with the local comprehensive plan's density restrictions. As such, water and wastewater ERCs at 80 percent buildout of Phase I are anticipated to be 195 and 185, respectively. Water and wastewater usage per ERC is estimated at 350 gpd and 270 gpd, respectively.

**Projected Rate Base.** Consistent with Commission practice in applications for original certificates, projected rate base is established only as a tool to aid the Commission in setting initial rates and is not intended to formally establish rate base. Grove Land's projected rate base calculations are shown on Schedule No. 1 for water service and Schedule No. 2 for wastewater service.

The utility projected water and wastewater utility plant in service and contributions in aid of construction (CIAC) are consistent with 80 percent of design capacity for the described facilities. Accumulated depreciation and amortization of CIAC are based on the average service lives guidelines, as set forth in Rule 25-30.140, F.A.C. Working capital is based on one-eighth of the operating and maintenance expense for each service. Staff recommends that Grove Land's proposed rate base calculations of \$321,003 for water service and \$311,848 for wastewater service shown on Schedule Nos. 1 and 2, respectively, are reasonable and should be approved.

**Cost of Capital.** Grove Land's projected capital structure consists of 40 percent equity and 60 percent debt. The utility's proposed cost of equity of 11.16 percent is consistent with the Commission's most recent leverage graph formula,<sup>4</sup> and its proposed cost of debt of 6.00 percent is based on the 10-year average prime rate plus 1 percent. Staff recommends that the utility's cost of equity and debt are reasonable. These costs result in an overall cost of capital of 8.06 percent as shown on the following chart.

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<sup>4</sup> Order No. PSC-11-0287-PAA-WS, issued July 5, 2011, in Docket No. 110006-WS, In re: Water and wastewater industry annual reestablishment of authorized rate of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

<b>Cost of Capital</b>				
<b>Description</b>	<b>Amount</b>	<b>Weight</b>	<b>Cost Rate</b>	<b>Weighted Cost</b>
Common Equity	\$257,946	40%	11.16%	4.46%
Long and Short-Term Debt	\$289,918	60%	6.00%	3.60%
Overall Cost of Capital	\$664,864	100%		8.06%
<b>Range of Reasonableness</b>			<b>High</b>	<b>Low</b>
Return on Common Equity			12.16%	10.16%

Based on these calculations, staff recommends that the appropriate return on equity for Grove Land is 11.16 percent, plus or minus 100 basis points, and the utility's initial rates should reflect an overall cost of capital of 8.06 percent.

**Net Operating Income.** The projected net operating incomes for potable water and wastewater services are shown on Schedule Nos. 1 and 2, respectively. They are based on the projected rate base for each system and the projected overall cost of capital of 8.06 percent. The resulting net operating incomes for potable water and wastewater services are \$25,135 and \$25,873, respectively.

**Revenue Requirements.** The calculations for Grove Land's projected water and wastewater revenue requirements are also shown on Schedule Nos. 1 and 2, respectively. The revenues include operating and maintenance expenses, net depreciation and amortization expenses, taxes other than income, as well as the above return on investment. The utility's proposed operating and maintenance expenses appear reasonable and net depreciation and amortization expenses are consistent with the guidelines in Rule 25-30.140, F.A.C. As a limited liability company, Grove Land has no income tax expense. Taxes other than income tax are based on regulatory assessments fees of 4.5 percent of the utility's gross revenues. Staff recommends that Grove Land's revenue requirements for potable water and wastewater services of \$148,121 and \$153,603, respectively, are reasonable and should be approved.

**Rates and Rate Structure.** Grove Land has structured its rates in accordance with Rule 25-30.033(2), F.A.C., which requires that a base facility and usage rate structure, as defined in Rule 25-30.437(6), F.A.C., be utilized for metered service. Grove Land's proposed potable water rates shown on Schedule No. 1, consist of a base facility charge of \$28.49 and a usage charge per 1,000 gallons of \$4.05. Proposed wastewater rates shown on Schedule No. 2 consist of a base facility charge of \$31.34 and a usage charge per 1,000 gallons of \$5.88, with a maximum usage cap of 8,000 gallons for residential service. Staff recommends that Grove Land's proposed rates are reasonable and its rate structure is consistent with Commission rules.

**Conclusion.** Based upon the above, staff recommends that Grove Land's potable water and wastewater rates shown on Schedule Nos. 1 and 2, respectively, are reasonable and should be approved. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A return on equity of 11.16 percent plus or minus 100 basis points should also be approved.

**Issue 3:** What are the appropriate water and wastewater service availability policy and charges for Grove Land Utilities, LLC?

**Recommendation:** Grove Land's proposed service availability policy and charges shown on Schedule Nos. 1 and 2 should be approved. The approved charges should be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to collect its approved service availability charges until authorized to change them by the Commission in a subsequent proceeding. (Brady, Rieger)

**Staff Analysis:** Pursuant to Rule 25-30.580(1), F.A.C., the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity. Rule 25-30.580(2), F.A.C., provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by water transmission and distribution and sewage collection systems.

Grove Land's water and wastewater service availability policy requires developers to construct and convey all on-site distribution and off-site transmission facilities. At the utility's option, where facilities are required to serve more than one developer, the first developer may be required to construct oversized facilities. In that event, subsequent developers, builders, and individuals who connect to those facilities, or use those facilities, may be required to pay their prorata share of the costs of the facilities, which will be refunded to the developer who constructed the facilities. Grove Land's proposed water and wastewater service availability charges shown on Schedule Nos. 1 and 2 include meter installation charges, as well as main extension and plant capacity charges. Grove Land's proposed service availability charges result in net contribution levels of 72 percent for water and 66 percent for wastewater, consistent with the guidelines in Commission rules.

Staff recommends that Grove Land's proposed service availability policy and charges shown on Schedule Nos. 1 and 2 should be approved. The approved charges should be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding.

**Issue 4:** Should Grove Land Utilities, LLC's proposed miscellaneous service charges be approved?

**Recommendation:** Yes. Grove Land's proposed miscellaneous service charges should be approved and effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to charge its approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding. (Brady)

**Staff Analysis:** Rule 25-30.460, F.A.C., defines the categories of miscellaneous service charges. The purpose of these charges is to place the burden for requesting or causing these services on the cost causer, rather than the general body of ratepayers. Grove Land's proposed charges for the four categories of miscellaneous service are shown on the table below.

<b>Miscellaneous Service Charges</b>		
<b>Description</b>	<b>Water Service</b>	<b>Wastewater Service</b>
Initial Connection	\$15.00	\$15.00
Normal Reconnection	\$15.00	\$15.00
Violation Reconnection	\$15.00	Actual Cost
Premise Visit Charge	\$15.00	\$15.00

Since the utility has not yet begun service, Grove Land's proposed charges are based on estimated expenses; however, similar charges have been approved by the Commission.<sup>5</sup> When both water and wastewater services are provided, a single charge is appropriate unless circumstances beyond the control of the utility require multiple actions.

Staff recommends that Grove Land's proposed miscellaneous service charges should be approved and effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to charge its approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

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<sup>5</sup> Order No. PSC-05-0309-PAA-WU, issued March 21, 2005, in Docket No. 040160-WU, In re: Application for transfer of portion of Certificate No. 582-W by Keen Sales, Rentals and Utilities, Inc. in Polk County.

**Issue 5:** What is the appropriate Allowance for Funds Used During Construction (AFUDC) rate for Grove Land Utilities, LLC?

**Recommendation:** An annual AFUDC rate of 8.06 percent and a discounted monthly rate of 0.64806124 percent should be approved and applied to the qualified construction projects beginning on or after the date the certificates of authorization are issued. (Brady)

**Staff Analysis:** Rule 25-30.033(4), F.A.C., authorizes utilities obtaining initial certificates to accrue an annual allowance for projects found eligible pursuant to Rule 25-30.116(1), F.A.C. This allows the utility to earn compensation for capital costs incurred during construction, but ratepayers are not required to pay for those capital costs until the plant is actually in service and considered used and useful. For purposes of establishing an AFUDC rate, the utility's overall cost of capital is used. Therefore, staff recommends that an AFUDC rate of 8.06 percent, with a discounted monthly rate of 0.64806124, be approved and applied to qualified construction projects beginning on or after the date the Commission vote on certificates of authorization.

**Issue 6:** Should this docket be closed?

**Recommendation:** No. The certification portion of this recommendation will become final agency action upon the Commission's vote. The docket should remain open pending receipt of executed copies of Grove Land's water and wastewater lease agreements, containing a legal description of the lease sites. If no timely protest to the proposed agency action portion of this recommendation with respect to initial rates and charges is filed with the Commission by a substantially affected person, a Consummating Order should be issued. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the utility's submission of the lease agreements, the docket should be closed administratively. (Jaeger)

**Staff Analysis:** The certification portion of this recommendation will become a final agency action upon the Commission's vote. The docket should remain open pending receipt of executed copies of Grove Land's water and wastewater lease agreements, containing a legal description of the lease sites. If no timely protest to the proposed agency action portion of this recommendation with respect to initial rates and charges is filed with the Commission by a substantially affected person, a Consummating Order should be issued. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the utility's submission of the lease agreements, the docket should be closed administratively.

**Grove Land Utilities, LLC**

**Description of Water and Wastewater  
Indian River, Okeechobee, St. Lucie Counties**

**Okeechobee County**

**Parcel IDs 1, 5, 7 and 9**

**Township 34 South, Range 36 East**

**Sections 1, 2, 3, 10, 11, 12, 13, 14, and 15**

All of Sections 1, 2, 3, 10, 11, 12 AND Sections 13 and 14 LESS the South 125 feet AND Section 15 LESS the South portion measured 145 feet North of the Southeast corner of the Section and 174.49 feet North of the Southwest corner of said Section 15, all in Township 34 South, Range 36 East, Okeechobee County.

**Indian River County**

**Parcel ID 2**

**Township 33 South, Range 38 East**

**Section 31**

Section 31, LESS the South 100 feet in Township 33 South, Range 38 East, Indian River County.

**Indian River County**

**Parcel IDs 3, 8, and 10**

**Township 33 South, Range 37 East**

**Sections 29, 30, 31, 32, and 33 and**

**Township 33 South, Range 36 East**

**Sections 25 and 36**

Section 29, LESS the North 210 feet and LESS the East 250 [feet] of the West 600 feet of the North 720 feet, Section 30 and Section 31 AND the East 1/2 of Section 32, lying North of the Turnpike, all in Township 33 South, Range 37 East.

Together with the East 1/2 of Section 25 AND the East 1/2 of Section 36, lying North of the Turnpike, all in Township 33 South, Range 36 East, Indian River County.

Together with the East 1/2 of Section 32 LESS the Legal Right of Way and LESS the South 250.00 feet thereof.

Together with the West 1/2 of Section 33 LESS the South 250.00 feet thereof, lying West of the following described line: Commence at the Southeast corner of Section 36, Township 33 South, Range 37 East, Indian River County, Florida; then West, 19,080.31 feet to the Point of Beginning; then North 5,079.50 feet to the North line of said Section 33.

**St. Lucie County**  
**Parcel IDs 4 and 6**  
**Township 34 South, Range 38 East**  
**Sections 6 and 7**

Section 6, LESS the North 500 feet and the North 1/2 of Section 7, all in Township 34 South, Range 38 East in St. Lucie County, Florida.

**St. Lucie County**  
**Parcel ID 11**  
**Township 34 South, Range 38 East**  
**Sections 15, 21 and 22**

The West 3/4 of the South 1/2 of Section 15 AND the East 1/2 of the Southeast 1/4 LESS the South 660 feet of Section 21 AND the West 3/4, LESS the South 660 feet of Section 22, all lying in Township 34 South, Range 38 East in St. Lucie County, Florida.

Together with the West 3/4 of the South 1/2 of Section 15 AND the East 1/2 of the Southeast 1/4 LESS the South 660 feet of Section 21 AND the West 3/4, LESS the South 660 feet of Section 22, all lying in Township 34 South, Range 38 East in St. Lucie County, Florida.

**FLORIDA PUBLIC SERVICE COMMISSION**

authorizes

**Grove Land Utilities, LLC**  
pursuant to  
**Certificate Number 658-W**

to provide water service in Indian River, Okeechobee, and St. Lucie Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
*	*	090445-WS	Original Certificate

**\*Order Number and date to be provided at time of issuance.**

**FLORIDA PUBLIC SERVICE COMMISSION**

authorizes

**Grove Land Utilities, LLC**  
pursuant to  
**Certificate Number 563-S**

to provide wastewater service in Indian River, Okeechobee, and St. Lucie Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
*	*	090445-WS	Original Certificate

**\*Order Number and date to be provided at time of issuance.**

**GROVE LAND UTILITIES, LLC  
 WATER SYSTEM**

**Water Rate Base**

Utility Plant in Service	\$ 1,273,379
Accumulated Depreciation	(191,040)
Contributions in Aid of Construction (CIAC)	(862,543)
Accumulated Amortization of CIAC	79,224
Working Capital Allowance	<u>12,828</u>
<b>Water Rate Base</b>	<b><u>\$ 311,848</u></b>

**Water Revenue Requirement**

Operating Revenue	<u>\$ 148,121</u>
Operation and Maintenance Expense	102,627
Net Depreciation Expense	13,694
Taxes Other Than Income	<u>6,665</u>
Total Operating Expense	<u>122,986</u>
Net Operating Income	<b><u>\$ 25,135</u></b>
Water Rate Base	\$ 311,848
Rate of Return	8.06%

**Monthly Water Service Rates – Residential and General Service**

Base Facility Charge	
5/8 x 3/4"	\$ 28.49
3/4"	42.74
1.0"	71.23
1.5"	142.45
2.0"	227.92
3.0"	455.84
Charge per 1,000 gallons	\$ 4.05

**Comparison Residential Water Service Bills**

5,000 gallons	\$ 48.74
7,500 gallons	\$ 58.87
10,000 gallons	\$ 68.99

**Water Service Availability Charges**

Plant Capacity Charge (ERC = 350 gpd)	\$ 1,675.00
All Other – per gallon	4.79
Main Extension Charge (ERC = 350 gpd)	\$ 734.00
All Others – per gallon	2.10
Meter Installation Charge	
5/8" x 3/4"	\$ 230.00
3/4"	280.00
1"	330.00

**GROVE LAND UTILITIES, LLC  
 WASTEWATER SYSTEM**

**Wastewater Rate Base**

Utility Plant in Service	\$ 1,151,661
Accumulated Depreciation	(249,899)
Contributions in Aid of Construction (CIAC)	(669,324)
Accumulated Amortization of CIAC	76,258
Working Capital Allowance	<u>12,307</u>
<b>Water Rate Base</b>	<b><u>\$ 321,003</u></b>

**Wastewater Revenue Requirement**

Operating Revenue	<u>\$ 153,603</u>
Operating and Maintenance Expense	98,453
Net Depreciation Expense	22,365
Taxes Other Than Income	<u>6,912</u>
Total Operating Expense	<u>127,730</u>
Net Operating Income	<b><u>\$ 25,873</u></b>
Water Rate Base	\$ 321,003
Rate of Return	8.06%

**Monthly Wastewater Service Rates – Residential Service**

Base Facility Charge	\$ 31.34
Charge per 1,000 gallons (8,000 gallon maximum)	\$ 5.88

**Monthly Wastewater Service Rates – General Service**

Base Facility Charge	
5/8 x 3/4"	\$ 31.34
3/4"	47.01
1.0"	78.35
1.5"	156.70
2.0"	250.72
3.0"	501.44
Charge per 1,000 gallons	\$ 5.88

**Comparison Residential Wastewater Service Bills**

5,000 gallons	\$ 60.74
7,500 gallons	\$ 75.44
10,000 gallons	\$ 90.14

**Wastewater Service Availability Charges**

Plant Capacity Charge	
Residential (ERC = 350 gpd)	\$ 2,005.00
All Others – per gallon	7.43
Main Extension Charge	
Residential (ERC = 270 gpd)	\$ 561.00
All Others – per gallon	2.08