

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

**DATE:** October 26, 2017

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

**FROM:** Division of Engineering (P. Buys, Knoblauch)  
Division of Accounting and Finance (Andrews, Fletcher, Norris)  
Division of Economics (Bruce)  
Office of the General Counsel (Taylor)

*Handwritten notes in blue ink:*  
EK 003  
TR  
CR  
BS  
ALM  
WDT  
JSC

**RE:** Docket No. 20160248-WS – Application for original certificates to provide water and wastewater service in Polk County by Deer Creek RV Golf & Country Club, Inc.

**AGENDA:** 11/07/17 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Brisé

**CRITICAL DATES:** 11/07/17 (Statutory Deadline for original certificate pursuant to Section 367.031, Florida Statutes, waived by applicant until this date)

**SPECIAL INSTRUCTIONS:** None

### Case Background

Deer Creek RV Golf & Country Club, Inc. (Deer Creek or Utility) is located in Polk County. Based on its application, Deer Creek provides water and wastewater services to approximately 862 residential customers and 22 general service customers.

Deer Creek is part of a Development of Regional Impact (DRI), which was established in the early 1980s.<sup>1</sup> Under the DRI, several contiguous mobile home communities and commercial properties were developed. The ownership of the developments has changed hands several times and several different agreements were made as to how utility service would be managed and billed. On December 5, 2013, Deer Creek acquired the recreational facilities, amenities, and other property exclusively serving several of the communities.

Deer Creek does not operate either a water treatment facility or a wastewater treatment facility; it purchases those services from Polk County. Deer Creek does maintain the water and wastewater lines that serve the Deer Creek communities. Deer Creek's billing service allocates the bill received from Polk County for water and wastewater service back to the residents within the Community based on the meter readings at each location.

On December 23, 2016, Deer Creek filed an application for original water and wastewater certificates. Deer Creek is seeking to be certificated because it is operating at a loss and cannot continue to function under one of the statutory exemptions listed under Section 367.022, Florida Statutes (F.S.). Deer Creek's utility plant consists of a water distribution system, water meters, and a wastewater collection system with a master lift station. Effluent from the lift station is transferred to Polk County for treatment and disposal. Water is provided to Deer Creek by Polk County via a single master meter.

Pursuant to Section 367.031, F.S., the Florida Public Service Commission (Commission) shall grant or deny an application for a certificate of authorization within 90 days after the official filing date of the completed application. The application was deemed complete on March 7, 2017, which is considered the official filing date. Deer Creek has waived the 90-day statutory deadline through November 7, 2017.

This recommendation addresses the application for original water and wastewater certificates and the appropriate rates and charges for the Utility. The Commission has jurisdiction pursuant to Sections 367.031 and 367.045, F.S.

---

<sup>1</sup>Pursuant to Section 380.06(1), Florida Statutes, a Development of Regional Impact is defined as "any development which, because of its character, magnitude or location, would have a substantial effect upon the health, safety, or welfare of citizens of more than one County."

## Discussion of Issues

**Issue 1:** Should the application for water and wastewater certificates by Deer Creek RV Golf & Country Club, Inc. be approved?

**Recommendation:** Yes. Deer Creek should be granted Certificate Nos. 670-W and 572-S to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Deer Creek's water and wastewater certificates and it should be retained by the Utility. Staff recommends that the existing rates, as shown on Schedule No. 1, remain in effect until a change is authorized by this Commission in a subsequent proceeding. (P. Buys, Bruce, Andrews)

**Staff Analysis:** On December 23, 2016, Deer Creek filed its application for original water and wastewater certificates in Polk County. Upon review, staff determined the original filing was deficient and sent several data requests to the Utility seeking additional information. Deer Creek corrected the deficiencies on March 7, 2017, which is considered the official filing date for the application. The Utility's application is in compliance with the governing statutes, Sections 367.031 and 367.045, F.S.

### Notice

On March 31, 2017, Deer Creek filed proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code (F.A.C.). Subsequent to the filing of the notice, the Commission received three letters expressing concern regarding Deer Creek's ability to manage a utility. These concerns included complaints received by Deer Creek, unaccounted for water and leaks in the system, and communication with the Utility. The letters did not include a return address, email address, or any means to contact the customer; therefore, staff was not able to seek clarification on whether or not the customers intended to pursue an objection and request a formal hearing. As of October 18, 2017, no other person or entity objected to the application and the time for filing such objections has expired.

### Land Ownership and Service Territory

Deer Creek provided adequate service territory system maps and a territory description as required by Rule 25-30.034, F.A.C. The legal description of the service territory is appended to this recommendation, as Attachment A. Deer Creek did not submit a recorded executed warranty deed as Deer Creek's utility plant consists of a water distribution system, water meters, and a wastewater collection system with a master lift station. All treatment services are purchased from Polk County.

### Financial and Technical Ability

Pursuant to Rule 25-30.034(1)(i), F.A.C., the Utility provided statements describing its financial and technical ability to provide service. Staff has reviewed the financial statements of Deer Creek and believes the current owner has documented adequate resources to support the Utility's water and wastewater operations.

Regarding technical ability, as stated above, Deer Creek does not operate either a water treatment facility or a wastewater treatment facility; it purchases the treatment services from Polk County. As of October 17, 2017, Deer Creek has no compliance issues on file with the Florida Department of Environmental Protection and is current with its monitoring requirements. Meter reading and billing services are provided by NES and White Accounting Service, LLC. Both are professional contractors engaged in the business of billing services.

The current owner has been operating the system since 2013. Maintenance of the distribution and collection system is provided by the Deer Creek maintenance staff and supplemented, as needed, by qualified contractors with expertise in water and wastewater systems and lift-station service and maintenance. Administrative and oversight duties are provided by the Board and Officers of Deer Creek.

### **Rates**

The Utility has been billing its water and wastewater customers base facility charges (BFC) based on a proration of the Polk County water and wastewater BFCs for a 12" master meter and the County's gallonage charges. While the County's rates are per 1,000 gallons, the Utility bills based on 100 gallons.

The residential customers are individually metered. However, the Utility does not bill the clubhouses or pools. Staff advised the Utility that all customers receiving water or wastewater service should be billed for those services.

In its application, the Utility requested rates that included the additional costs for the County franchise fee, the Commission's regulatory assessment fees (RAFs), and a 10 percent allowance for unaccounted for water. Staff advised the Utility that the County franchise fee should be shown as a separate line item on the customer's bill pursuant to Rule 25-30.335(6), F.A.C. Because the Utility's application was filed pursuant to Rule 25-30.034, F.A.C., and customers have not been noticed of a proposed change in rates, staff recommends that the rates currently being charged, excluding the 10 percent allowance for unaccounted for water and RAFs, which are not included in the current rates, should be approved by the Commission. Following the Commission's vote to approve the original certificate, the Utility may apply for a pass through, pursuant to a Section 367.081(4), F.S., to recover the cost of RAFs and the Polk County rate increase that became effective on October 1, 2017. The Utility has not noticed its customers or billed the October 1 County rate increase. Additional cost recovery, such as costs associated with unaccounted for water, may be requested in a staff assisted rate case. The Utility does not collect and has not requested miscellaneous service charges or service availability charges. Staff recommends that the existing rates, as shown on Schedule No. 1, remain in effect until a change is authorized by this Commission in a subsequent proceeding.

### **Conclusion**

Based on the information above, staff recommends that Deer Creek be granted Certificate Nos. 670-W and 572-S to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Deer Creek's water and wastewater certificates and it should be retained by the Utility. Staff also recommends that the existing rates, as shown on Schedule No. 1, remain in effect until a change is authorized by this Commission in a subsequent proceeding.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If the Commission approves staff's recommendation in Issue 1, no further action is required by the Commission and the docket should be closed upon the issuance of the final order. (Taylor)

**Staff Analysis:** If the Commission approves staff's recommendation in Issue 1, no further action is required by the Commission and the docket should be closed upon the issuance of the final order.

**Deer Creek RV Golf & Country Club, Inc.  
Description of Water and Wastewater Service Territory**

**Polk County**

Commence at the Southeast corner of the Southwest 1/4 of Section 17, Township 26 South, Range 27 East, Polk County, Florida and run thence N 0°13'28" E, along the East boundary of said Southwest 1/4, a distance of 525.01 feet to the Point of Beginning; continue N 0°13'28" E, 2120.74 feet to the Northeast corner of said Southwest 1/4; run thence S 89°54'39" W, along the North boundary of the Northeast 1/4 of the Southwest 1/4 a distance of 1325.49 feet to the Southeast corner of the Southwest 1/4 of the Northwest 1/4 of said section 17, run thence N 0°04'18" E, along the East boundary of said Southwest 1/4 of the Northwest 1/4, a distance of 725.00 feet; run thence N 76°22'33" W, 943.27 feet; run thence N 89°55'42" W, 45.00 feet to a point on a curve having a radius of 610.00 feet, a central angle of 91°04'15" and whose chord bears S 45°36'26" W, run thence Southwesterly along said curve an arc distance of 969.56 feet; run thence S 53°41'40" W, 566.40 feet; run thence S 36°18'20" E, 20.00 feet; run thence S 62°06'42" W, 58.12 feet; run thence S 07°25'05" W, 119.44 feet to a point on a curve to the left having a radius of 248.82 feet, a central angle of 35°18'22" and whose chord bears S 10°14'07" W, run thence Southwesterly along said curve an arc distance of 153.32 feet; run thence S 27°53'18" E, 1000.00 feet to a point on a curve to the left having a radius of 267.19 feet, a central angle of 33°27'28" and whose chord bears S 44°37'02" E, run thence Southeasterly along said curve an arc distance of 156.03 feet to a point on a reverse curve to the left having a radius of 405.94 feet, a central angle of 27°27'35" and whose chord bears S 47°36'58" E, run thence Southeasterly along said curve an arc distance of 914.55 feet; run thence S 33°53'10" E, 20.00 feet to a point on a curve to the left having a radius of 30.00 feet, a central angle of 90°00'00" and whose chord bears S 78°53'10" E, run thence Southeasterly along said curve an arc distance of 47.12 feet; run thence N 56°06'50" E, 173.05 feet to a point on a curve to the left having a radius of 1801.37 feet, a central angle of 08°50'08" and whose chord bears N 51°26'15" E, run thence Northeasterly along said curve an arc distance of 227.78 feet, run thence N 47°01'11" E, 113.93 feet to a point on a curve to the left having a radius of 1435.17 feet, a central angle of 03°25'15" and whose chord bears N 48°43'49" E, run thence Northeasterly along said curve an arc distance of 85.69 feet; run thence N 50°26'26" E, 40.00 feet; run thence S 39°33'34" E, 80.00 feet; run thence N 50°26'26" E, 62.98 feet to a point on a curve to the right having a radius of 919.27 feet, a central angle of 13°17'28" and whose chord bears N 57°05'10" E, run thence Northeasterly along said curve an arc distance of 213.24 feet; run thence S 26°07'38" E, 40.00 feet to a point on a non-tangent curve to the left having a radius of 431.38 feet, a central angle of 01°59'28" and whose chord bears S 62°43'17" W, run thence Southwesterly along said curve an arc distance of 14.99 feet; run thence S 26°07'43" E, 177.16 feet to a point on a curve to the right having a radius of 546.84 feet, a central angle of 23°48'35" and whose chord bears S 11°48'45" E, run thence Southerly along said curve an arc distance of 227.24 feet; run thence S 00°09'14" E, 447.65 feet to a point on a curve to the left having a radius of 869.08 feet, a central angle of 11°32'54" and whose chord bears S 05°55'41" E, run thence Southerly along said curve an arc distance of 175.17 feet; run thence S 11°42'08" E, 333.23 feet; run thence S 89°50'46" W, 554.14 feet; run thence N 12°26'07" W, 867.28 feet to a point on a non-tangent curve to the right having a radius of 1451.41 feet, a central angle of 00°40'47" and whose chord bears S 48°08'46"

W, run thence Southwesterly along said curve an arc distance of 17.22 feet; run thence N 12°26'07" W, 95.66 feet to a point on a non-tangent curve to the right having a radius of 1881.37 feet, a central angle of 02°36'38" and whose chord bears S 54°33'00" W, run thence Southwesterly along said curve an arc distance of 85.72 feet; run thence S 56°06'50" W, 172.92 feet; run thence S 33°53'10" E, 10.00 feet; run thence S 56°06'50" W, 105.65 feet to a point on a curve to the right having a radius of 905.01 feet, a central angle of 06°41'37" and whose chord bears S 59°27'38" W, run thence Southwesterly along said curve an arc distance of 105.73 feet; run thence S 62°48'27" W, 239.88 feet the Easterly right-of-way line of U.S. Highway 27 and a point on a non-tangent curve to the right having a radius of 4437.18 feet, a central angle of 02°32'33" and whose chord bears S 35°16'37" E, run thence Southeasterly along said curve an arc distance of 196.70 feet; run thence along said right-of-way line the following courses and distances; thence S 65°59'34" W, 15.00 feet to a point on a curve having a radius of 4422.18 feet, a central angle of 06°39'57" and whose chord bears S 20°40'27" E, run thence Southeasterly an arc distance of 514.48 feet; thence leaving said Easterly right-of-way line U.S. Highway 27, run N 89°50'47" E, 239.76 feet; run thence S 00°05'09" E, 208.71 feet to a point lying 25.00 feet North of the South boundary of said Section 17; run thence N 89°50'47" E, parallel to said South boundary 2013.87 feet; run thence N 00°09'14" W, 40.00 feet; run thence N 89°50'47" E, 50.00 feet; run thence N 00°09'14" W, 460.00 feet; run thence N 89°50'47" E, 400.95 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

authorizes

Deer Creek RV Golf & Country Club, Inc.  
pursuant to  
Certificate Number 670-W

to provide water service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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>
*	*	20160248-WS	Original Certificate

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



FLORIDA PUBLIC SERVICE COMMISSION

authorizes

Deer Creek RV Golf & Country Club, Inc.  
pursuant to  
Certificate Number 572-S

to provide wastewater service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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>
*	*	20160248-WS	Original Certificate

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

**Deer Creek RV Golf & Country Club, Inc.**

**Water Service**

**Residential and General Service**

Base Facility Charge – All Meter Sizes \$2.30

Charge Per 1,000 gallons

0-2,400 gallons \$2.75

2,401-4,700 gallons \$5.16

4,701-9,500 gallons \$10.03

Over 9,500 gallons \$17.35

**Wastewater Service**

**Residential Service and General Service**

Base Facility Charge - All Meter Sizes \$8.57

Charge Per 1,000 gallons \$6.48