

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  
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**DATE:** March 15, 2012

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

**FROM:** Division of Economic Regulation (Jones-Alexis, Kaproth, Simpson)  
Office of the General Counsel (Klancke)

*Handwritten initials and signatures:*  
JMA, JAK, JS, JSC, ALM, CRB, PD, @

**RE:** Docket No. 110298-SU – Application for certificate to provide wastewater service in Volusia and Brevard Counties by Farmton Water Resources LLC.  
County(ies): Brevard

**AGENDA:** 03/27/12 – Regular Agenda – Proposed Agency Action for Issues 2-4 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Balbis

**CRITICAL DATES:** April 19, 2012 (Statutory Deadline for Original Certificates Pursuant to Section 367.031, Florida Statutes)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\110298.RCM.DOC

### Case Background

On October 27, 2011, Farmton Water Resources LLC (Farmton or Utility) filed an application for an original wastewater certificate in Brevard and Volusia Counties. Volusia County filed an objection to the application on November 28, 2011; however, the objection was ultimately withdrawn on January 20, 2012, following Farmton's amendment of the application to

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exclude all land in Volusia County from the Utility's proposed service territory.<sup>1</sup> Farmton's amended proposed service territory is located in northwest Brevard County, west of Interstate 95. This area is in the St. Johns River Water Management District in a water resource caution area. The Utility anticipates serving 779,985 square feet of commercial property in the development planned for construction near the interchange of Interstate 95 and State Road 5A. Based upon projected revenues, the Utility will be a Class B utility at build-out in 2017.

The Commission granted Farmton water Certificate No. 622-W in 2005.<sup>2</sup> Since the water service territory was established, the related land owner (Miami Corporation and its associated entities, Swallowtail LLC and Farmton Management LLC<sup>3</sup>) has acquired additional properties. The Utility's existing water service territory differs from its proposed wastewater service territory in that the water service territory includes areas located within Volusia County, and the wastewater service territory includes the area near the interchange of Interstate 95 and State Road 5A.

With the withdrawal of Volusia County's objection on January 20, 2012, there are no outstanding objections to the application. Therefore, pursuant to the statutory deadline for original certificates in Section 367.031, Florida Statutes (F.S.), the application must be ruled upon by April 19, 2012. The purpose of this recommendation is to address Farmton's request for an original wastewater certificate and initial rates and charges. The Commission has jurisdiction pursuant to Sections 367.031, 367.045, 367.081, 367.0817, 367.091, and 367.101, F.S.

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<sup>1</sup> Pursuant to the Joint Stipulation reached between Volusia County and Farmton, the Utility agreed that the instant docket applies only to Brevard County and that any request for authority to provide wastewater service in Volusia County will require a new and separate application.

<sup>2</sup> See Order No. PSC-04-0980-FOF-WU, issued October 8, 2004, in Docket No. 021256-WU, In re: Application for certificate to provide water service in Volusia and Brevard Counties by Farmton Water Resources LLC. The City of Titusville and Brevard County subsequently appealed the Commission's decision, and the First District Court of Appeals affirmed the Commission's Order. City of Titusville v. Farmton Water Resources, LLC, 909 So. 2d 864 (Fla. 1st DCA 2005).

<sup>3</sup> Miami Corporation is the primary and managing member of Farmton Management LLC. Farmton Management LLC is the sole member/owner of Farmton.

### **Discussion of Issues**

**Issue 1:** Should the Commission grant Farmton's application for an original wastewater certificate?

**Recommendation:** Yes. The Commission should grant Farmton Certificate No. 564-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 wastewater certificate and should be retained by the Utility as such. Pursuant to Rule 25-30.033(1)(j), Florida Administrative Code (F.A.C.), the Utility should submit an executed copy of the 99-year Lease Agreement within 30 days after the date of the order granting the certificate. (Jones-Alexis, Simpson, Klancke)

**Staff Analysis:** As previously stated, on October 27, 2011, Farmton filed an application for an original wastewater certificate in Brevard and Volusia Counties. Volusia County protested the application, then withdrew its objection on January 20, 2012, following Farmton's amendment of its application to exclude Volusia County. Therefore, in accordance with Section 367.083, F.S., January 20, 2012, represents the application's official filing date. The Utility's application is in compliance with the governing statutes, Sections 367.031 and 367.045, F.S., and other pertinent statutes and administrative rules concerning an application for an original certificate.

**Notice.** The application contained proof of compliance with the noticing provisions of Rule 25-30.030, F.A.C. As previously noted, Volusia County filed an objection to Farmton's application on November 28, 2011. Subsequently, the Utility filed a restrictive amendment to its application to exclude all land in Volusia County from the proposed service territory. On January 13, 2012, Volusia County filed an objection to the Utility's amendment, stating primarily that the application continued to include references to the County. On January 20, 2012, Volusia County filed a joint stipulation between the County and the Utility, as well as the County's withdrawal of its objection to the application. No utility or other local government objected to the application. No further objections have been received, and the time for filing such has expired.

**Territory.** Subsections (l) and (n) of Rule 25-30.033(1), F.A.C., prescribe that a utility's application for an original certificate shall provide a description of the territory to be served, using township, range, and section references, as well as a copy of a map showing township, range, and section with the proposed territory plotted thereon and with a defined reference point of beginning. The Utility has provided an accurate legal description of the proposed service territory and adequate service territory maps. The proposed wastewater service territory, approximately 11,800 acres, includes the territory located in Brevard County that the Utility is currently authorized to serve pursuant to its water certificate, as well as the area that extends the proposed wastewater service territory east toward the interchange of Interstate 95 and State Road 5A. The legal description of the proposed wastewater service territory is appended to this recommendation as Attachment A.

**Proof of Ownership.** Rule 25-30.033(1)(j), F.A.C., requires evidence in the form of a warranty deed that the utility owns the land upon which the utility treatment facilities are located or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The application contained a copy of an unexecuted 99-year Lease Agreement

(Agreement) between Miami Corporation and its associated entities and Farmton. The application indicated that the Agreement will be executed upon the Commission's approval of the application. In addition, according to the application, the related land owner will provide ownership or other rights to beneficial use of any facilities, lands, or land rights as needed by the Utility in order to ensure the provision of wastewater service. Staff recommends that, pursuant to Rule 25-30.033(1)(j), F.A.C., the Utility be required to submit an executed copy of the Agreement within 30 days after the date of the order granting the certificate. It should be noted that acceptance of the Agreement as proof of long-term access to the land upon which the treatment facilities are located is not a determination as to the prudence of the cost of this lease.

Farmton indicated that Miami Corporation and Swallowtail LLC own all but five parcels of the proposed service territory initially requested in Brevard County. According to the Utility, Swallowtail LLC is actively seeking to acquire three of the five parcels. Another parcel represents a portion of the Florida East Central Regional Rail Trail (formerly known as the Florida East Coast Railroad), which is owned by the state of Florida and will remain under the state's ownership. Swallowtail LLC has been unable to reach an agreement with the property owners in the acquisition of the final parcel, and the Utility did not provide separate notice of its application to the owners. Thus, on February 24, 2012, Farmton filed a second restrictive amendment to its application in this proceeding to exclude that parcel from its proposed service territory.

**Financial and Technical Ability.** In accordance with Rule 25-30.033(1)(e), F.A.C., Farmton provided statements describing its financial and technical ability to provide wastewater service. Included in the application was Farmton Management LLC's October 24, 2011 balance sheet reflecting assets and capital. Also provided was an affidavit from Miami Corporation pledging to provide any necessary infusion of capital to Farmton Management LLC in order to allow that entity to provide any necessary funding to Farmton for its operations. According to Farmton, the Utility has demonstrated ample financial ability in Docket No. 021256-WU, in which the Commission granted the Utility its water certificate, and in its provision of water service in southern Volusia and northern Brevard Counties during the past six years. The Utility's 2009 and 2010 annual reports reflect its provision of water service to four customers – one residential, two general service, and one fire service – which yielded gross revenues of \$1,028 and \$1,300, respectively.

The application stated that the Utility has employed knowledgeable and experienced consultants and agents to oversee the operation of the water facilities and will undertake similar recruitment of appropriate experts in the construction, operation, maintenance, and development of wastewater facilities. The Utility will employ, either through direct employment or through contractual arrangements, existing personnel and hire additional qualified personnel as needed. The related land owner has vast experience in water and utility management, has been a leader in water conservation measures and innovative resource management techniques for use of non-potable water, and has owned the property for more than 80 years and overseen the water resources contained within. Farmton also asserted that it can provide wastewater service and expansion of that service as needed in the most efficient and effective manner. Finally, the application included a statement that the Utility has the appropriate certificates and licenses to operate the existing water facilities and will obtain all such certificates and licenses as necessary

in order to provide wastewater service. Based upon a review of Farmton's documentation, the Utility appears to have adequate resources to support its wastewater operations.

**Need for Service.** According to the application, there is a need for wastewater service to the proposed commercial development within the proposed service territory. The planned development will consist of 779,985 square feet of mixed commercial use units to be developed from 2014 through 2017. Certification by the Commission is necessary to allow for immediate planning, permitting, and construction of those facilities. The application indicated that Farmton inquired with other local utilities regarding those utilities' potential provision of wastewater service to the proposed service territory. However, neither the City of Titusville nor any other entity expressed interest in serving the area. Further, Farmton stated in its application that there are no other utilities within the area that are currently able to or that could potentially provide the wastewater services proposed by the Utility, based upon its review of local plants and facilities. The Utility is in a better position to coordinate the orderly growth of such services as needed than any other alternative provider, based on its close relationship with the related land owner and its operation of the water facilities. Farmton also stated that any attempts to obtain wastewater service from any outside source would dramatically increase the cost of providing such service and could result in a decrease in the quality of service provided. The cost to another utility of running wastewater mains to the areas with current or future need for wastewater service within the proposed service territory would be extraordinarily high and extremely inefficient given the Utility's ability to develop the needed facilities onsite and provide wastewater service in conjunction with its provision of water service. The application stated that the provision of service in the proposed service territory, as outlined in the application, is consistent with the wastewater section of the local comprehensive plan for Brevard County, as approved by the Department of Community Affairs.

**Comprehensive Plan Consistency.** Pursuant to Rule 25-30.033(1)(f), F.A.C., Farmton provided a statement that the provision of service in the proposed service territory, including use of the proposed facilities, will be consistent with the wastewater sections of the local comprehensive plan for Brevard County as approved by the Department of Community Affairs at the time the application was filed. In addition, as previously discussed, Farmton stated in its application that the comprehensive plan changes recently approved by the adjoining counties envision the Utility's provision of service to the area. Therefore, staff recommends that Farmton has demonstrated that the provision of wastewater and reuse services will be consistent with the local comprehensive plan.

**Regulatory Requirements.** Farmton understands that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA). The Utility also understands the requirement to file annual reports by March 31 for the preceding year ending December 31. In addition, Farmton is aware that it may not change its rates, serve outside its certificated territory, or sell the Utility without prior Commission approval.

**Conclusion.** Based upon the above information, staff believes it is in the public interest to grant Farmton's request for an original wastewater certificate. Accordingly, staff recommends that the Commission grant the Utility Certificate No. 564-S to serve the territory described in

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Attachment A, effective the date of the Commission's vote. The resultant order should serve as Farmton's wastewater certificate and should be retained by the Utility as such. Pursuant to Rule 25-30.033(1)(j), F.A.C., the Utility should submit an executed copy of the 99-year Lease Agreement within 30 days after the date of the order granting the certificate.

**Issue 2:** What are the appropriate initial wastewater and reuse rates and return on investment for Farmton?

**Recommendation:** The wastewater and reuse rates, as shown on Schedule No. 2, appear 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. Farmton should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A return on equity (ROE) of 8.74 percent plus or minus 100 basis points should also be approved. (Jones-Alexis, Simpson, Klancke)

**Staff Analysis:** Subsections (t), (u), (v), and (w) of Rule 25-30.033(1), F.A.C., specify 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. The requested rates and charges in Farmton's application are based on the system operating at 80 percent of its designed capacity, which is consistent with Commission policy for setting initial rates and charges. According to the application, the wastewater facilities are expected to reach 80 percent of designed capacity by the end of 2016.

**Utility Facilities.** Farmton's proposed service territory covers approximately 11,800 acres and includes part of the area currently served by the Utility's water facilities. The territory will consist of 779,985 square feet of retail commercial, office commercial, hotel, light industrial, and institutional uses. The Utility anticipates serving approximately 669 commercial connections in Phase 1 of the development. All reclaimed water will be provided to commercial customers for public access landscape irrigation and to additional prospective customers for agricultural irrigation. According to Farmton, customers will be required to irrigate with reclaimed water as a condition of service. This mandate conforms with Rule 40C-2.301(4)(f), F.A.C., which states that when reclaimed water is readily available, it must be used in place of higher quality water sources, unless such use is demonstrated to be economically, environmentally, or technologically infeasible. Two reclaimed water storage ponds will be used to store effluent for reuse. The application stated that to the extent Farmton has any excess reuse that is not sold to customers, the related land owner will accept such treated effluent at no cost to the Utility and dispose of it on a designated sprayfield until demand for the reuse rises to a level that allows utilization of all reuse for such sales.

Farmton's facilities are expected to be operational in January 2014. In its application, the Utility characterized its wastewater treatment facilities as water reclamation facilities (WRF) because the facilities will be designed to produce reclaimed water for public access irrigation purposes. These facilities will be designed to treat flows of 0.125 mgd (million gallons per day).

The wastewater system will include gravity mains, manholes, transmission (force) mains, and two lift stations. The treatment process will consist of manual screening, flow equalization, extended aeration, secondary clarification, filtration, and high level disinfection for reclamation. The facility will also include two reclaimed water storage ponds. One of the ponds will provide operational storage and, therefore, will be lined in order to minimize reclaimed water loss due to seepage. It will have a storage capacity of 0.375 million gallons, which is 3 times greater than the 0.125 mgd designed capacity of the WRF, in conformance with Rule 62-610.414(2)(c), F.A.C. The second pond will be unlined and will ensure sufficient retention of the reclaimed

water under adverse weather conditions, during maintenance of irrigation equipment, or during other such conditions which may temporarily hinder reclaimed water irrigation. This pond will have a storage capacity of 1.625 million gallons. The combined storage capacity of the ponds will provide 16 days of reclaimed water storage, which is expected to adequately meet the Department of Environmental Protection's storage requirements.

**Projected Rate Base.** In setting initial rates and charges for a new utility, Commission practice has been to do so such that the utility will have an opportunity to earn a fair return on its investment when approximately 80 percent of its projected customers are being served. Typically, in the early years of development, the customer base of a utility is not sufficient to allow the utility to recover its operating and maintenance (O&M) expenses and earn a fair return on its investment. However, as growth reaches 80 percent of a utility's projected designed capacity, the initial rates become compensatory. Farmton provided a cost study based upon the projected costs of providing wastewater service, as well as the costs associated with providing reuse service, such as reuse pumping and distribution facilities. Schedule No. 1 contains the Utility's projected rate bases and revenue requirements at 80 percent of designed capacity and the resulting proposed rates.

The Utility's projected costs for Utility Plant in Service (UPIS) at 80 percent of designed capacity are \$3,203,295 and \$1,436,690 for wastewater and reuse facilities, respectively. The projected contributions-in-aid-of-construction (CIAC) balances of (\$1,659,939) for wastewater and (\$1,357,224) for reuse are based on proposed plant capacity charges of \$975 per ERC for wastewater and \$350 per ERC for reuse; main extension charges of \$500 per ERC for wastewater and \$140 per ERC for reuse; a reuse meter installation charge of \$300 per ERC; and developer contribution of the onsite wastewater and reuse transmission and collection mains, the cost of which totals \$1,721,605 at 80 percent of designed capacity. The Utility's projected CIAC balances are consistent with the guidelines set forth in Rule 25-30.580, F.A.C. If the Commission approves service availability charges other than those recommended by staff in Issue 3, the projected rates will need to be adjusted to reflect that decision.

The Utility's projected accumulated depreciation and accumulated amortization of CIAC balances are based on the average service lives guidelines for Class B utilities, as set forth in Rule 25-30.140, F.A.C. Based on the guidelines, the wastewater and reuse balances at 80 percent of designed capacity are (\$377,452) and (\$98,224), respectively, for accumulated depreciation and \$82,278 and \$68,343, respectively, for accumulated amortization of CIAC. Projected working capital allowances of \$24,242 for wastewater and \$4,159 for reuse are based on 12.50 percent of the estimated wastewater and reuse O&M expenses, pursuant to Rule 25-30.433(2), F.A.C.

Staff recommends that Farmton's projected rate bases of \$1,272,424 for wastewater and \$53,744 for reuse, as shown on Schedule No. 1, are reasonable. 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. This is consistent with Commission practice in applications for original certificates.<sup>4</sup>

**Cost of Capital.** As required by Rule 25-30.033(1)(w), F.A.C., the application contained a schedule of Farmton’s projected capital structure, including a description of the methods of financing the construction and operation of the Utility. The Utility’s projected capital structure, as shown below, consists of 100 percent common equity. Equity contributions or advances will be made from related entities as needed to finance Utility operations in the initial years of development. According to the application, to the extent the financing of construction or operations is beyond the resources of the Utility, Farmton Management LLC will provide all additional funding as needed.

Staff recommends an overall cost of capital of 8.74 percent for Farmton based on a capital structure consisting of 100 percent common equity and a ROE of 8.74 percent. The Utility’s proposed ROE of 8.74 percent is consistent with the Commission’s current leverage formula in effect at the time of the Commission’s vote.<sup>5</sup> Staff believes this is a reasonable overall cost of capital for calculating the revenue requirement for this original certificate case. Staff further recommends that the Commission set Farmton’s authorized ROE at 8.74 percent with a range of plus or minus 100 basis points.

<b>Cost of Capital</b>				
<b>Description</b>	<b>Amount</b>	<b>Weight</b>	<b>Cost Rate</b>	<b>Weighted Cost</b>
Common Equity	\$ 1,326,168	100%	8.74%	8.74%
Overall Cost of Capital	\$ 1,326,168	100%	--	8.74%
<b>Range of Reasonableness</b>			<b>High</b>	<b>Low</b>
Return on Common Equity			9.74%	7.74%

**Net Operating Income.** The projected net operating incomes for wastewater and reuse services are shown on Schedule No. 1 and are based on the projected rate base for each system and the overall projected cost of capital of 8.74 percent, as discussed above. The resulting net

<sup>4</sup> See Order No. PSC-11-0113-PAA-WS, issued February 11, 2011, in Docket No. 050192-WS, In re: Application for certificates to provide water and wastewater service in Sumter County by Central Sumter Utility Company, L.L.C.; 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-08-0228-PAA-WS, issued April 7, 2008, in Docket No. 060602-WS, In re: Application for certificate to provide water and wastewater service in Lee and Charlotte Counties by Town and Country Utilities Company; and Order No. PSC-07-0983-PAA-WS, issued December 10, 2007, in Docket No. 060726-WS, In re: Application for certificates to provide water and wastewater service in Glades County and water service in Highlands County by Silver Lake Utilities, Inc.

<sup>5</sup> See 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 range of return on common equity for water and wastewater utilities pursuant to Section 367.081 (4)(f), F.S. See also, Rules 25-30.415 and 25-30.033(1)(w)(3), F.A.C.

operating income figures for wastewater and reuse services are \$111,210 and \$4,697, respectively.

**Revenue Requirement.** Farmton's proposed revenue requirements are based on O&M expenses, depreciation, amortization of CIAC, taxes, and net operating income, as described above. Included in O&M expenses are chemicals, purchased power, plant maintenance, laboratory testing, transportation, insurance, and contractual services. Taxes other than income include projected regulatory assessment fees of 4.50 percent of gross revenues and tangible personal property taxes.

The Utility's proposed revenue requirement for the wastewater system of \$451,108 includes \$193,932 for O&M, \$116,007 for depreciation expense, (\$52,044) for CIAC amortization expense, and \$82,003 for taxes other than income. Staff recommends that the proposed revenue requirement for the wastewater system of \$451,108 is reasonable and should be used to set initial rates for wastewater service.

The Utility's proposed revenue requirement for the reuse system of \$74,201 includes \$33,271 for O&M, \$42,422 for depreciation expense, (\$39,729) for CIAC amortization expense, and \$33,540 for taxes other than income. Staff recommends that the proposed revenue requirement for the reuse system of \$74,201 is reasonable and should be used to set initial rates for reuse service.

**Rates.** The Utility's proposed residential and general service rates are based on revenue requirements of \$451,108 and \$74,201 for wastewater and reuse, respectively. As shown on Schedule No. 2, the Utility's requested rates include a monthly base facility charge (BFC) and a single-tiered gallonage charge for both wastewater and reuse services.

For wastewater service, the Utility proposed a BFC of \$30.11 for all residential and general service customers with a 5/8" x 3/4" meter. The Utility proposed a gallonage charge of \$6.71 per 1,000 gallons for residential and general service usage, with a cap of 10,000 gallons for residential usage. For reuse service, the Utility proposed a BFC of \$5.31 for all customers with a 5/8" x 3/4" meter and a gallonage charge of \$1.04 per 1,000 gallons. Staff recommends that the Utility's proposed rates and rate structure are reasonable, consistent with Commission practice for setting initial rates, and should be approved.

**Conclusion.** The wastewater and reuse rates, as shown on Schedule No. 2, appear 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. Farmton should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A ROE of 8.74 percent plus or minus 100 basis points should also be approved.

**Issue 3:** What are the appropriate service availability policy and charges for Farmton?

**Recommendation:** The service availability policy and charges, as shown on Schedule No. 3, result in contribution levels which are consistent with the guidelines contained in Rule 25-30.580, F.A.C., and should be approved. The approved service availability policy and 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. Farmton should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding. (Jones-Alexis, Klancke)

**Staff Analysis:** Rule 25-30.580(1), F.A.C., provides that the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of a 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 the water transmission and distribution and wastewater collection systems.

The Utility's proposed service availability policy states that it will be responsible for the construction and ownership of all facilities, including treatment and collection facilities up to the point of delivery of service to the customer, and will assess main extension and plant capacity charges to recover a portion of the cost of providing service. Farmton requested approval of a reuse meter installation charge of \$300 for 5/8" x 3/4" meters. All other meter sizes will be installed at the Utility's actual cost. In addition, the Utility proposed plant capacity charges of \$975 per ERC for wastewater and \$350 per ERC for reuse, as well as main extension charges of \$500 per ERC for wastewater and \$140 per ERC for reuse. Further, Farmton proposed developer contribution of the onsite wastewater and reuse transmission and collection mains. The requested policy and charges are consistent with the guidelines in Rule 25-30.580, F.A.C., which require that at a minimum the cost of the lines should be contributed. The Utility's proposed service availability policy and charges, contained within Schedule No. 3, are expected to result in a contribution level at designed capacity of 74.83 percent for wastewater and reuse collectively.

Staff recommends that the service availability policy and charges proposed by Farmton and shown on Schedule No. 3 are reasonable, result in contribution levels which are consistent with the guidelines contained in Rule 25-30.580, F.A.C., and should be approved. The approved service availability policy and 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. Farmton should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding.

**Issue 4:** What are the appropriate miscellaneous service charges for Farmton?

**Recommendation:** The miscellaneous service charges, as shown on Schedule No. 3, are reasonable and should be approved. The approved miscellaneous service charges should be 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. Farmton should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding. (Jones-Alexis)

**Staff Analysis:** Pursuant to Section 367.091, F.S., Farmton requested authority to collect certain miscellaneous service charges. In accordance with Rule 25-30.460, F.A.C., utilities may apply for miscellaneous service charges, including initial connection, normal reconnection, violation reconnection, and premises visit charges. Since the Utility has not begun charging for service, the proposed miscellaneous service charges, shown on Schedule No. 3, are based on estimated expenses. Similar charges have recently been approved by the Commission.<sup>6</sup> Additionally, Commission practice has been to place the burden of such charges on the cost causer rather than the general body of ratepayers.<sup>7</sup>

Farmton proposed initial connection and normal reconnection charges of \$15 each and a premises visit charge of \$10. The Utility proposed a violation reconnection charge equal to the actual cost incurred in providing that service. The Utility's proposed miscellaneous service charges appear to be reasonable and are consistent with miscellaneous service charges recently approved for other similarly situated utilities.

Staff recommends that the miscellaneous service charges proposed by Farmton and shown on Schedule No. 3 are reasonable and should be approved. The approved miscellaneous service charges should be 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. Farmton should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding.

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<sup>6</sup> See Order No. PSC-11-0113-PAA-WS, issued February 11, 2011, in Docket No. 050192-WS, In re: Application for certificates to provide water and wastewater service in Sumter County by Central Sumter Utility Company, L.L.C.; Order No. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.; Order No. PSC-06-0331-PAA-WS, issued April 24, 2006, in Docket No. 050902-WS, In re: Application to transfer assets and Certificate Nos. 590-W and 508-S in Polk County from Lake Haven Utility Associates, Ltd., d/b/a Lake Wales Utility Company to Gold Coast Utility Corp.

<sup>7</sup> See Order No. PSC-03-1119-PAA-SU, issued October 7, 2003, in Docket No. 030106-SU, In re: Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.; Order No. PSC-96-1409-FOF-WU, issued November 20, 1996, in Docket No. 960716-WU, In re: Application for transfer of Certificate No. 123-W in Lake County from Theodore S. Jansen d/b/a Ravenswood Water System to Crystal River Utilities, Inc.

**Issue 5:** What is the appropriate allowance for funds used during construction (AFUDC) rate for Farmton?

**Recommendation:** Farmton's proposed AFUDC rate of 8.74 percent, with a discounted monthly rate of 0.70068947 percent, is appropriate and should be approved. The approved rate should be applicable for eligible construction projects. (Jones-Alexis)

**Staff Analysis:** Rule 25-30.033(4), F.A.C., provides that utilities obtaining initial certificates pursuant to this rule are authorized to accrue AFUDC for projects found eligible in accordance with conditions stated in Rule 25-30.116(1), F.A.C. AFUDC represents the rate at which interest may be capitalized in new utility construction. The rule states that the applicable AFUDC rate shall be determined as the Utility's projected weighted cost of capital as demonstrated in its application for original certificates and initial rates and charges. Further, Rule 25-30.033(4)(b), F.A.C., states that a discounted monthly AFUDC rate calculated in accordance with Rule 25-30.116(3), F.A.C., shall be used to ensure that the annual AFUDC charged does not exceed authorized levels.

In its application, Farmton proposed an annual AFUDC rate of 8.74 percent, discounted to a monthly rate of 0.70068947, based upon the Utility's projected cost of capital. Pursuant to Rule 25-30.033(4)(c), F.A.C., the date that the Utility begins to charge the AFUDC rate should be the date that the certificate of authorization is issued to the Utility so that such rate can apply to the initial construction of the Utility facilities.

Staff recommends that Farmton's proposed AFUDC rate of 8.74 percent, with a discounted monthly rate of 0.70068947 percent, is appropriate and should be approved. The approved rate should be applicable for eligible construction projects.

**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 the executed copy of the 99-year Lease Agreement within 30 days after the date of the order granting the certificates. If no timely protest to the proposed agency action portion of the order 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 Agreement, the docket should be closed administratively. (Klancke)

**Staff Analysis:** The certification portion of this recommendation will become final agency action upon the Commission's vote. The docket should remain open pending receipt of the executed copy of the 99-year Lease Agreement within 30 days after the date of the order granting the certificates. If no timely protest to the proposed agency action portion of the order 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 Agreement, the docket should be closed administratively.

**Farmton Water Resources LLC  
Description of Wastewater and Reuse Territory  
Brevard County**

A PART OF SECTIONS 4, 5, 6, 7, 8, 9, 15, 16, 17, 18, 19, 20 AND 21, TOWNSHIP 20 SOUTH, RANGE 34 EAST, BREVARD COUNTY, FLORIDA, AND A PART OF THE JOSEPH DELESPINE GRANT, SECTION 41, AND A PART OF THE BERNARDO SEGUI GRANT, SECTION 42, BOTH IN TOWNSHIP 20 SOUTH, RANGE 34 EAST, BREVARD COUNTY, FLORIDA AND SECTION 37, TOWNSHIP 21 SOUTH, RANGE 34 EAST, BREVARD COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM THE NORTHWEST CORNER OF SAID SECTION 6, AS THE POINT OF BEGINNING, RUN S.00°47'08"E., ALONG THE WEST LINE OF SAID SECTION 6, A DISTANCE OF 5,460.91 FEET; THENCE S.01°03'19"E., ALONG THE WEST LINE OF SAID SECTION 7, A DISTANCE OF 5,293.89 FEET; THENCE S.01°16'36"E., ALONG THE WEST LINE OF SAID SECTION 18, A DISTANCE OF 5,294.30 FEET; THENCE S.01°13'54"E., ALONG THE WEST LINE OF SAID SECTION 19, A DISTANCE OF 2,646.95 FEET; THENCE S.00°53'46"E., ALONG THE WEST LINE OF SAID SECTION 19, AND ALONG THE WEST LINE OF SAID TOWNSHIP 20 SOUTH, RANGE 34 EAST, A DISTANCE OF 2,646.82 FEET; THENCE S.01°11'54"E. ALONG THE WEST LINE OF SAID TOWNSHIP 20 SOUTH, RANGE 34 EAST, A DISTANCE OF 10596.94 FEET TO THE SOUTHWEST CORNER OF SAID TOWNSHIP 20 SOUTH, RANGE 34 EAST; THENCE S.00°44'05"E. ALONG THE WEST LINE OF SAID TOWNSHIP 21 SOUTH, RANGE 34 EAST, A DISTANCE OF 2705.30 FEET TO THE SOUTH LINE OF SAID BERNARDO SEGUI GRANT, SECTION 37, TOWNSHIP 21 SOUTH, RANGE 34 EAST; THENCE RUN ALONG THE SOUTH LINE OF SAID BERNARDO SEGUI GRANT THE FOLLOWING COURSES AND DISTANCES: N.78°54'18"E. A DISTANCE OF 12476.05 FEET; THENCE N.78°51'19"E. A DISTANCE OF 2644.03 FEET; THENCE N.78°54'23"E. A DISTANCE OF 2621.21 FEET; THENCE DEPARTING SAID SOUTH LINE, RUN N.16°53'42"W. A DISTANCE OF 660.00 FEET; THENCE S.78°47'52"W. A DISTANCE OF 2619.60 FEET; THENCE N.16°53'42"W. A DISTANCE OF 675.21 FEET; THENCE N.78°54'23"E. A DISTANCE OF 1319.00 FEET; THENCE N.16°50'34"W. A DISTANCE OF 1319.84 FEET; THENCE N.78°54'29"E. A DISTANCE OF 1299.88 FEET; THENCE N.16°54'12"W. A DISTANCE OF 647.20 FEET; THENCE S.78°54'29"W. A DISTANCE OF 1299.90 FEET; THENCE N.16°54'12"W. A DISTANCE OF 1978.43 FEET; THENCE N.17°01'13"W. A DISTANCE OF 2638.46 FEET; THENCE N.16°49'27"W, A DISTANCE OF 1336.66 FEET; THENCE N.78°54'29"E. A DISTANCE OF 1299.87 FEET; THENCE N.16°49'23"W. A DISTANCE OF 645.97 FEET; THENCE S.78°54'29"W. A DISTANCE OF 639.90 FEET; THENCE N.16°49'23"W. A DISTANCE OF 681.15 FEET; THENCE N.78°54'29"E. A DISTANCE OF 639.78 FEET; THENCE N.17°07'37"W. A DISTANCE OF 4960.27 FEET TO THE NORTH LINE OF THE BERNARDO SEGUI GRANT; THENCE N.78°50'28"E., ALONG THE NORTH LINE OF SAID BERNARDO SEGUI GRANT, A DISTANCE OF

7,858.19 FEET TO THE WEST RIGHT OF WAY LINE OF THE FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL (FORMERLY THE FLORIDA EAST COAST RAILROAD); THENCE RUN ALONG THE WEST RIGHT OF WAY LINE OF SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL THE FOLLOWING COURSES AND DISTANCES; N.24°12'03"W., A DISTANCE OF 1,275.08 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 2,764.93 FEET AND A CENTRAL ANGLE OF 27°56'49", A CHORD DISTANCE OF 1,335.31 FEET, AND A CHORD BEARING OF N.38°10'27"W.; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 1,348.64 FEET; THENCE N.52°08'52"W., A DISTANCE OF 4,791.26 FEET TO THE WEST LINE OF SAID JOSEPH DELESPINE GRANT; THENCE N.10°15'13"W., ALONG THE WEST LINE OF SAID JOSEPH DELESPINE GRANT A DISTANCE OF 74.88 FEET; THENCE DEPARTING SAID LINE, CONTINUE ALONG THE WEST LINE OF SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL THE FOLLOWING COURSES AND DISTANCES; N.52°08'52"W., A DISTANCE OF 753.03 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 5,779.65 FEET AND A CENTRAL ANGLE OF 12°13'18", A CHORD DISTANCE OF 1,230.50 FEET, AND A CHORD BEARING OF N.46°02'13"W.; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 1,232.84 FEET; THENCE N.39°55'34"W., A DISTANCE OF 3,846.52 FEET TO THE SOUTH LINE OF SAID SECTION 4; THENCE N.89°32'42"E., ALONG THE SOUTH LINE OF SAID SECTION 4, A DISTANCE OF 3,172.78 FEET; THENCE N.11°54'09"W., ALONG THE EAST LINE OF SAID SECTION 4, A DISTANCE OF 5,680.75 FEET; THENCE S.89°03'20"W., ALONG THE NORTH LINE OF SAID SECTION 4, A DISTANCE OF 3,213.88 FEET; THENCE S.89°03'20"W. ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 5,297.93 FEET; THENCE S.89°01'51"W., ALONG THE NORTH LINE OF SAID SECTION 6, A DISTANCE OF 5,623.75 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH,

A PART OF CAPE ATLANTIC ESTATES, SECTION K-4 AND CAPE ATLANTIC ESTATES, SECTION K-4 FIRST ADDITION, UNRECORDED SUBDIVISIONS IN LOTS 3 AND 4 OF THE WISCONSIN-FLORIDA FRUIT LAND COMPANY SUBDIVISION, RECORDED IN MAP BOOK 2. PAGE 43, OF THE PUBLIC RECORDS OF BREVARD COUNTY, FLORIDA, AND A PART OF LOT 6, PABLO FONTAINE GRANT, RECORDED IN DEED BOOK "D", PAGE 525, OF THE PUBLIC RECORDS OF BREVARD COUNTY, FLORIDA, ALL BEING IN THE JOSEPH DELESPINE GRANT, SECTION 41, TOWNSHIP 20 SOUTH, RANGE 34 EAST, BREVARD COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM THE INTERSECTION OF THE CENTERLINE OF STATE ROAD NO. 9 (INTERSTATE NO. 95), WITH THE CENTERLINE OF COUNTY ROAD NO. 5A (STUCKWAY ROAD) AS NOW ESTABLISHED, RUN S.46°46'30"W. ALONG THE CENTERLINE OF SAID COUNTY ROAD NO. 5A, A DISTANCE OF 700.00 FEET TO THE POINT OF BEGINNING; THENCE RUN ALONG THE LIMITED ACCESS RIGHT OF WAY LINE OF SAID STATE ROAD NO. 9 THE FOLLOWING COURSES AND DISTANCES; S.43°13'30"E., A DISTANCE OF 100.00 FEET; THENCE N.46°46'30"E., A DISTANCE OF



100.00 FEET; THENCE S.80°09'25"E., A DISTANCE OF 124.82 FEET; THENCE S.27°54'28"E., A DISTANCE OF 470.67 FEET; THENCE DEPARTING SAID LIMITED ACCESS RIGHT OF WAY LINE, RUN S.72°12'58"W., A DISTANCE OF 727.92 FEET TO THE WEST RIGHT OF WAY LINE OF JABEZ ROAD, AN 80 FOOT RIGHT OF WAY; THENCE N.17°46'00"W. ALONG SAID WEST RIGHT OF WAY LINE, A DISTANCE OF 266.94 FEET; THENCE N.43°13'30"W. ALONG SAID WEST RIGHT OF WAY LINE, A DISTANCE OF 100.00 FEET; THENCE S.46°46'30"W. ALONG THE WESTERLY EXTENSION OF THE CENTERLINE OF SAID COUNTY ROAD NO. 5A, A DISTANCE OF 229.28 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 1,599.41 FEET AND A CENTRAL ANGLE OF 14°32'09", A CHORD DISTANCE OF 404.68 FEET, AND A CHORD BEARING OF S.54°02'34"W.; THENCE RUN SOUTHWESTERLY ALONG THE ARC OF SAID CURVE AND SAID WESTERLY CENTERLINE EXTENSION A DISTANCE OF 405.76 FEET; THENCE DEPARTING SAID CENTERLINE EXTENSION, RUN S.13°57'30"E., A DISTANCE OF 547.24 FEET; THENCE N.76°02'30"E., A DISTANCE OF 421.73 FEET; THENCE S.17°46'00"E., A DISTANCE OF 140.31 FEET; THENCE S.76°02'30"W., A DISTANCE OF 151.05 FEET; THENCE S.13°57'30"E., A DISTANCE OF 350.00 FEET; THENCE N.76°02'30"E., A DISTANCE OF 174.35 FEET; THENCE S.17°46'00"E., A DISTANCE OF 278.77 FEET; THENCE N.72°14'00"E., A DISTANCE OF 563.38 FEET; THENCE S.13°57'30"E., A DISTANCE OF 206.60 FEET; THENCE N.76°02'30"E., A DISTANCE OF 430.00 FEET TO THE WESTERLY LIMITED ACCESS RIGHT OF WAY LINE OF SAID STATE ROAD NO. 9; THENCE S.13°57'30"E. ALONG SAID WESTERLY LIMITED ACCESS RIGHT OF WAY LINE, A DISTANCE OF 220.00 FEET; THENCE DEPARTING SAID WESTERLY LIMITED ACCESS RIGHT OF WAY LINE, RUN S.76°02'30"W., A DISTANCE OF 400.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 20.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 317.01 FEET TO THE WESTERLY RIGHT OF WAY LINE OF SAID JABEZ ROAD; THENCE S.17°46'00"E. ALONG SAID WESTERLY RIGHT OF WAY LINE, A DISTANCE OF 553.89 FEET; THENCE DEPARTING SAID WESTERLY RIGHT OF WAY LINE, RUN S.76°02'30"W., A DISTANCE OF 644.78 FEET; THENCE S.13°57'30"E., A DISTANCE OF 430.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 250.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 230.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 250.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 100.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 990.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 165.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 390.57 FEET; THENCE N.11°14'36"W., A DISTANCE OF 495.56 FEET; THENCE N.76°02'30"E., A DISTANCE OF 697.09 FEET; THENCE S.13°57'30"E., A DISTANCE OF 330.00 FEET; THENCE N.76°02'30"E., A DISTANCE OF 330.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 660.00 FEET; THENCE N.76°02'30"E., A DISTANCE OF 330.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 330.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 165.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 330.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 495.00 FEET; THENCE S.13°57'30"E., A DISTANCE OF 165.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 330.00 FEET; THENCE S.13°57'30"E., A DISTANCE OF 165.00 FEET; THENCE S.76°02'30"W., A DISTANCE OF 335.79 FEET; THENCE S.11°14'36"E., A DISTANCE OF 147.16 FEET; THENCE S.78°46'46"W., A DISTANCE OF 439.39 FEET; THENCE S.11°14'07"E., A DISTANCE OF 385.00 FEET; THENCE S.78°46'46"W., A DISTANCE OF 289.12 FEET; THENCE N.11°13'56"W., A

DISTANCE OF 385.00 FEET; THENCE S.78°46'46"W., A DISTANCE OF 289.09 FEET; THENCE S.11°13'46"E., A DISTANCE OF 385.00 FEET; THENCE S.78°46'46"W., A DISTANCE OF 1445.21 FEET; THENCE S.78°48'07"W. A DISTANCE OF 289.01 FEET; THENCE S.11°13'11"E., A DISTANCE OF 385.00 FEET; THENCE S.78°48'07"W., A DISTANCE OF 371.07 FEET TO THE EASTERLY RIGHT OF WAY LINE OF THE FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL (FORMERLY FLORIDA EAST CENTRAL RAILROAD RIGHT OF WAY); THENCE S.37°50'30"W. ACROSS SAID RIGHT OF WAY, A DISTANCE OF 200.00 FEET; THENCE N.52°09'30"W. ALONG THE WESTERLY RIGHT OF WAY LINE OF SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL, A DISTANCE OF 2,074.25 FEET; THENCE N.37°50'30"E. ACROSS SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL, A DISTANCE OF 200.00 FEET; THENCE DEPARTING THE EASTERLY RIGHT OF WAY LINE OF SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL, RUN N.78°48'07"E., A DISTANCE OF 574.28 FEET; THENCE S.11°12'47"E., A DISTANCE OF 411.40 FEET; THENCE N.78°48'07"E., A DISTANCE OF 578.01 FEET; THENCE N.11°13'00"W., A DISTANCE OF 785.00 FEET; THENCE N.78°48'07"E., A DISTANCE OF 288.98 FEET; THENCE S.11°13'06"E., A DISTANCE OF 373.60 FEET; THENCE N.78°48'07"E., A DISTANCE OF 577.97 FEET; THENCE N.11°13'14"W., A DISTANCE OF 373.60 FEET; THENCE N.78°46'46"E., A DISTANCE OF 2,312.27 FEET; THENCE N.11°14'36"W., A DISTANCE OF 238.49 FEET; THENCE N.76°02'30"E., A DISTANCE OF 150.17 FEET; THENCE N.11°14'36"W., A DISTANCE OF 660.74 FEET; THENCE N.76°02'30"E., A DISTANCE OF 419.41 FEET; THENCE N.13°57'30"W., A DISTANCE OF 330.00 FEET; THENCE N.76°02'30"E., A DISTANCE OF 330.00 FEET; THENCE S.13°57'30"E., A DISTANCE OF 330.00 FEET; THENCE N.76°02'30"E., A DISTANCE OF 990.00 FEET; THENCE N.13°57'30"W., A DISTANCE OF 660.00 FEET; THENCE N.76°02'30"E., A DISTANCE OF 1,195.40 FEET TO THE WESTERLY LIMITED ACCESS RIGHT OF WAY LINE OF SAID STATE ROAD NO. 9 ; THENCE RUN ALONG SAID LIMITED ACCESS RIGHT OF WAY LINE THE FOLLOWING COURSES AND DISTANCES; S.00°56'30"E., A DISTANCE OF 764.19 FEET; THENCE S.20°12'40"W., A DISTANCE OF 223.61 FEET; THENCE S.46°46'30"W., A DISTANCE OF 100.00 FEET; THENCE S.43°13'30"E., A DISTANCE OF 100.00 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPT THE FOLLOWING PARCEL:

FROM THE INTERSECTION OF THE EAST LINE OF SECTION 9, TOWNSHIP 20 SOUTH, RANGE 34 EAST, BREVARD COUNTY, FLORIDA, WITH THE SOUTHERLY RIGHT OF WAY OF THE FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL (FORMERLY THE FLORIDA EAST COAST RAILROAD), A 200 FOOT RIGHT OF WAY, RUN S.52°09'30"E. ALONG THE SOUTHERLY LINE OF SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL A DISTANCE OF 216.62 FEET; THENCE DEPARTING SAID LINE, RUN N.37°50'30"E. ACROSS SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL, A DISTANCE OF 200.00 FEET; THENCE DEPARTING THE EASTERLY RIGHT OF WAY LINE OF SAID FLORIDA EAST CENTRAL REGIONAL RAIL TRAIL, RUN N.78°48'07"E., A DISTANCE OF 574.28 FEET; THENCE S.11°12'47"E., A DISTANCE OF 411.40 FEET; THENCE N.78°48'07"E., A DISTANCE OF 578.01 FEET; THENCE N.11°13'00"W., A DISTANCE OF 785.00 FEET; THENCE N.78°48'07"E., A DISTANCE OF 288.98 FEET;

THENCE S.11°13'06"E., A DISTANCE OF 373.60 FEET; THENCE N.78°48'07"E., A DISTANCE OF 577.97 FEET; THENCE N.11°13'14"W., A DISTANCE OF 373.60 FEET; THENCE N.78°46'46"E., A DISTANCE OF 2023.21 FEET; THENCE S.11°14'07"E. A DISTANCE OF 400.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE S.11°14'07"E. A DISTANCE OF 385.00 FEET; THENCE S.78°46'46"W. A DISTANCE OF 144.54 FEET; THENCE N.11°14'01"W. A DISTANCE OF 385.00 FEET; THENCE N.78°46'46"E. A DISTANCE OF 144.53 FEET TO THE POINT OF BEGINNING.

**FLORIDA PUBLIC SERVICE COMMISSION**

authorizes

**Farmton Water Resources LLC**  
pursuant to  
**Certificate Number 564-S**

to provide wastewater and reuse services in Brevard County 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>
*	*	110298-SU	Original Certificate

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

**FARMTON WATER RESOURCES LLC**

	<u>Wastewater</u>	<u>Reuse</u>	<u>Total</u>
<b>Rate Base</b>			
Utility Plant in Service	\$ 3,203,295	\$ 1,436,690	\$ 4,639,985
Accumulated Depreciation	(377,452)	(98,224)	(475,676)
Contributions-in-Aid-of-Construction (CIAC)	(1,659,939)	(1,357,224)	(3,017,163)
Accumulated Amortization of CIAC	82,278	68,343	150,621
Working Capital Allowance	<u>24,242</u>	<u>4,159</u>	<u>28,401</u>
<b>Rate Base</b>	<b>\$ <u>1,272,424</u></b>	<b>\$ <u>53,744</u></b>	<b>\$ <u>1,326,168</u></b>
<b>Rate of Return</b>	8.74%	8.74%	8.74%
<b>Revenue Requirement</b>			
Operating Revenues	\$ <u>451,108</u>	\$ <u>74,201</u>	\$ <u>525,309</u>
Operating and Maintenance (O&M)	193,932	33,271	227,203
Net Depreciation Expense	116,007	42,422	158,429
CIAC Amortization	(52,044)	(39,729)	(91,773)
Taxes Other Than Income	<u>82,003</u>	<u>33,540</u>	<u>115,543</u>
Net Operating Income	<b>\$ <u>111,210</u></b>	<b>\$ <u>4,697</u></b>	<b>\$ <u>115,907</u></b>



**FARMTON WATER RESOURCES LLC**

	<u>Wastewater</u>	<u>Reuse</u>
<b>Service Availability Charges</b>		
Plant Capacity Charge (ERC = 175 gpd)	\$ 975.00	\$ 350.00
Main Extension Charge (ERC = 175 gpd)	\$ 500.00	\$ 140.00
Meter Installation Charge		
5/8" x 3/4" (ERT)	--	\$ 300.00
Over 5/8" x 3/4"	--	Actual Cost <sup>+</sup>

**Miscellaneous Service Charges**

Description	Charges
Initial Connection Charge	\$ 15.00
Normal Reconnection Charge	\$ 15.00
Violation Reconnection Charge	Actual Cost <sup>+</sup>
Premises Visit in Lieu of Disconnection Charge	\$ 10.00

<sup>+</sup>Actual Cost is equal to the total cost incurred in providing services.