

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF GULL POINT CONDOMINIUM)
ASSOCIATION FOR A DECREASE IN) PSC DOCKET NO. 11-230WW
WASTEWATER RATES)
(FILED APRIL 27, 2011))

ORDER NO. 8013

AND NOW, this 23rd day of August, 2011:

WHEREAS, on April 27, 2011, Gull Point Condominium Association¹ ("Gull Point" or the "Company") filed an application (the "Application") with the Delaware Public Service Commission (the "Commission") requesting approval of a decrease in its rate for wastewater service from \$560.00 per year to \$529.00 per year;² and

WHEREAS, on May 24, 2011, in PSC Order No. 7972, the Commission suspended the proposed rate change in accordance with 26 Del. C. §306(a) (1) and ordered that a hearing on the Application be held at its regular meeting on Tuesday, July 26, 2011, to determine the justness and reasonableness of the proposed decreased rate or to consider whether the matter should be referred to a hearing examiner for further proceedings; and

WHEREAS, on May 27, 2011, Gull Point provided the Commission with written notice³ that it complied with the mailing requirements set

¹The full legal name of the business entity is "Association of Owners of Gull Point Condominium, Inc."

² Gull Point's application stated that its current annual rate for wastewater service was \$562.00; however, it subsequently informed Staff that this was a typographical error.

³ Exhibit 1.

forth in PSC Order No. 7972, Paragraph No. 2, regarding the deadline for intervention and written comments; and

WHEREAS, the intervention period expired on July 1, 2011, and no party filed to intervene in this action or filed any written comments regarding this matter; and

WHEREAS, on July 26, 2011, at the request of Commission Staff ("Staff") the Commission extended the hearing deadline for this matter to August 23, 2011, at 1:00 p.m. (see PSC Order No. 8006) to determine the justness and reasonableness of the proposed decreased rate or to consider whether the matter should be referred to a hearing examiner for further proceedings; and

WHEREAS, Gull Point was ordered to file an application with the Commission for the issuance of a Certificate of Public Convenience and Necessity as soon as practicable, but no later than July 31, 2011; and

WHEREAS, because Gull Point needed additional time to prepare and file its application for the issuance of a Certificate of Public Convenience and Necessity, the Commission ordered that Gull Point file an application with the Commission for the issuance of a Certificate of Public Convenience and Necessity as soon as practicable, but no later than September 20, 2011 (see PSC Order No. 8006); and

WHEREAS, at the August 23, 2011 evidentiary hearing, Staff witness Heidi Wagner testified that Staff investigated Gull Point's financial and cost data, as outlined in her July 29, 2011 memorandum to the Commission,⁴ and determined that the proposed reduced rate of \$529 per year fully covers the Company's projected operating costs and

⁴ Exhibit 2.

sustains an adequate reserve fund through 2024 and, based thereon, concluded that the proposed rate is just and reasonable and should be approved;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. The Application filed on April 27, 2011, by the Association of Owners of Gull Point Condominium, Inc. for approval of a decrease in its rate for wastewater service from \$560.00 per year to \$529.00 per year is hereby approved as just and reasonable.

2. That the Secretary shall promptly serve a copy of this Order on the Division of the Public Advocate.

3. That the Commission's previous order (PSC Order No. 8006) requiring the Association of Owners of Gull Point Condominium, Inc. to file an application with the Commission for the issuance of a Certificate of Public Convenience and Necessity as soon as practicable, but no later than **September 20, 2011**, shall remain in effect.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

EXHIBIT "1"

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Heidi L. Wagner, Public Utilities Analyst III

DATE: July 29, 2011

SUBJECT: IN THE MATTER OF THE APPLICATION OF GULL POINT CONDOMINIUM ASSOCIATION FOR A DECREASE IN WASTEWATER RATES (FILED APRIL 27, 2011)

PSC DOCKET NO. 1 1-230WW

Request for Approval of A Decrease in Wastewater Rates for Gull Point

Application:

By letter dated April 25, 2011, The Association of Owners of Gull Point Condominium, Inc. ("Gull Point" or "Association") requested that the Delaware Public Service Commission ("Commission") approve a decrease in the rate for wastewater service to the development known as Gull Point, located in Sussex County. By Commission Order No. 7201 dated June 19, 2007, Gull Point was granted a Temporary Operating Certificate to provide service to Gull Point. Staff notes that prior to July 6, 2004, Gull Point's wastewater system was owned and operated by Utility Systems, Inc. ("USI"). The Commission revoked USI's CPCN and Gull Point was then granted the Temporary Operating Certificate. Gull Point will be filing an application for the issuance of a CPCN as soon as practicable, but no later than September 20, 2011.

The wastewater facility is operated by White Marsh Environmental Systems, Inc. and has 166 connections. There are no plans to have additional residential or commercial connections. The existing approved annual rate is \$560. Gull Point is requesting a rate reduction of \$31 annually. In part, this reduction is based on a Reserve Study completed by Criterium-Harbor Engineers (the "Reserve Study") for Gull Point in 2010, as well as a review of the actual wastewater operating expenses of Gull Point over the past few years. The chart below shows sufficient distributions to cover expenses and distributions to the Reserve Account.

	Proposed Rate	Actual Rate	Difference
Operating Expenses	399	415	-16
Reserve Account	130	145	-15
Total	529	560	-31

**The Chair and Members of the Commission July 29,
2011**

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Staff's Review:

Staff has reviewed the General Ledger for calendar year 2010, Budgets for 2010 and 2011, and the 20 year Reserve Study, along with the Long Term Reserve Projected Expenditures through 2032. According to the Reserve Study, the Reserve Fund is fully funded through 2024, allowing for a cost of living increase on expenses of 4% each year and 2% earnings on savings each year. Based on these projections, Gull Point can sustain reserve assessments of \$130 over a 13-year period. In addition, the proposed budget covers all operating costs supporting the \$399 portion of the rate to cover expenses. Staff also reviewed responses to data requests, as well as touring the wastewater plant with a DNREC Compliance Specialist and the wastewater operator for White Marsh Environmental System, Inc. Staff also had discussions with the operator regarding the anticipated work that will be done, as well as improvements and changes that have been done since 2008 when the operator began work at the facility.

Staff's Recommendation:

Staff has reviewed Gull Point's financial and cost data and has determined that the rate reduction proposed results in just and reasonable rates and is in the public interest. Staff recommends the Commission approve the application for the annual rate of \$529, a reduction of \$31 a year.

Staff recommends that as part of Gull Point's next rate application, Gull Point provide an assessment of the collection system because this was not addressed in the Reserve Study. Specifically, the inspection of the collection system by the Gull Point Maintenance Supervisor is limited to locating manholes and cleanouts, installing risers where necessary, and visually inspecting for any issues. While this level of effort is important and should be continued, Staff believes that a proactive investigation of the condition of the sewer mains could avoid some serious problems in the long run.

Staff also recommends that Gull Point complete the effort to locate all of the service laterals and map them.

EXHIBIT "2"

From: [Wagner Heidi \(DOS\)](#)
To: [Hall Monica L \(DOS\)](#)
Subject: FW: Gull Point Wastewater Facility
Date: Wednesday, August 17, 2011 2:49:37 PM
Attachments: [20110624152444.pdf](#)

The email below and the letter(attached) is what you are looking for.

From: Wagner Heidi (DOS)
Sent: Wednesday, August 17, 2011 2:15 PM
To: Donoghue Julie M (DOS)
Subject: FW: Gull Point Wastewater Facility

This is the verification of the mailing

From: Veronica Radalin [<mailto:veronica@wilgusassociates.com>] **Sent:** Friday, June 24, 2011 3:28 PM
To: Wagner Heidi (DOS); 'Joseph Scaturro'
Subject: RE: Gull Point Wastewater Facility

Please note that the attached letter was mailed to the address of record for all Gull Point owners on May 27, 2011.

Veronica A. Radalin, CMCA ®, AMS TM

*Property Manager 302-539-7511
x3048 800-441-8118 x3048 302-
539-8074 (fax)*

Veronica@Wilgusassociates.com



www.wilgusassociates.com

From: Wagner Heidi (DOS) [<mailto:heidi.wagner@state.de.us>] **Sent:** Tuesday, June 21, 2011 2:43 PM

To: Joseph Scaturro

Cc: Veronica Radalin

Subject: RE: Gull Point Wastewater Facility

I need the attachment for PSC-1 and answers to PSC-18 and PSC-19. Thanks, Heidi

From: Joseph Scaturro [<mailto:gullpoint@mchsi.com>]

Sent: Monday, June 20, 2011 6:15 PM

To: Wagner Heidi (DOS)

Cc: Veronica Radalin

Subject: Gull Point Wastewater Facility

Dear Heidi,

I apologize for not getting this to you sooner. I won't make up any excuses. Please let me know if you need any more information and I will do my best to provide you with it. You can reach me on my cell phone if you need to discuss any part this, or I will be happy to meet with you.

Thank you,

Joe Scaturro

Cell: 302-745-9668 Office: 302-947-1800



WILGUS ASSOCIATES, INC

PROPERTY MANAGEMENT DIVISION

P.O. Box 309, BETHANY BEACH, DE 19930° 302/539-7511— F: 302/539-8074

May 27, 2011

Ms. Charlotte Bergdoll

515W. Market Street

York, PA 17401

RE: *Application of Gull Point Condominium Association for a Decrease in Wastewater Rates,*
PSC Docket No. 11-230

Dear Customer:

You are receiving this letter because you are a wastewater service customer of the Association of Gull Point Condominium, Inc. ("Gull Point"), and Gull Point has been ordered by the Delaware Public Service Commission (the "Commission") to notify you of certain actions taken regarding your annual wastewater service rate.

On April 27, 2011, Gull Point filed an application with the Commission to reduce its annual wastewater service rate from \$560.00 to \$529.00.

On May 24, 2011, the Commission entered an order (i.e., PSC Order No. 7972) which suspends the requested reduced annual rate of \$529.00 for wastewater services pending investigation into the justness and reasonableness of the proposed reduced rate. The Commission also ordered Gull Point to provide notice of its application, as well as the Commission's action on Gull Point's application, by sending a letter to each of its wastewater service customers by first class mail, postage prepaid.

Per PSC Order No. 7972, the Commission has established a **July 1, 2011**, deadline for any interventions and for the filing of any written comments in this proceeding. In addition, the Commission will conduct a hearing in this matter at its regular meeting scheduled on **Tuesday, July 26, 2011, at 1:00 pm.**, to determine the justness and reasonableness of the proposed decreased

rate or, if any dispute remains concerning the proposed rate, to consider whether the matter should be referred to a hearing examiner for further proceedings.

If you have any questions regarding this notice of Gull Point's application to reduce its wastewater service rate, please feel free to contact me at either (302) 539-7511 ext. 3048 or veronicaa@wilgusassociates.com. You may also contact Ms. Heidi Wagner, Public Utilities Analyst for the Commission, at (302) 736-7500.

Very truly yours,

/s/Veronica A. Radaiin

Ms. Veronica A. Radaiin, CMCA, AMS
Property Manager of Wilgus Associates, Inc.

Managing Agent for Association of Owners of Gull Point
Condominium, Inc.

Enclosure: PSC Order No. 7972

cc Ms. Heidi Wagner, Public Utilities Analyst, Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION
OF GULL POINT CONDOMINIUM

PSC DOCKET NO. 11-230

ASSOCIATION FOR A DECREASE IN
WASTEWATER RATES

ORDER NO. 7972

AND NOW, this 24th day of May, 2011:

WHEREAS, on April 27, 2011, Gull Point Condominium Association ("Gull Point")ⁱ filed an application with the Delaware Public Service Commission (the "Commission") requesting approval of a decrease in its rate for wastewater service from \$560.00 per year to \$529.00 per year;² and

WHEREAS, 26 Del. C. §306(a)(1) permits the Commission to suspend the operation of a utility's proposed rate change for a period not to exceed seven months after the utility's application; and

WHEREAS, Staff recommends that the requested rate decrease be suspended pending Staff's investigation into the justness and reasonableness of the proposed rate; and

WHEREAS, it has come to the attention of Staff that Gull Point has been operating under a temporary permit to provide wastewater service since 2007 when the Commission authorized Utility Systems, Inc.'s transfer of the wastewater system to GullPoint;

The formal legal name of the company is "Association of Owners of Gull Point Condominium, Inc.;" this name was inadvertently omitted from PSC Order 7201, which granted Gull Point its temporary operating permit for wastewater services.

'Gull Point's application stated that its current annual rate for wastewater service was \$562.00; however, it subsequently informed Staff that this was a typographical error.

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF
NOT FEWER THAN THREE COMMISSIONERS:**

1. That the rate filed by Gull Point Condominium Association ("Gull Point") on April 27, 2011, is hereby suspended pursuant to 26 Del. C. §306(a) (1) and shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That Gull Point shall give public notice of the filing of its application with the proposed rate change, the deadline for interventions and written comments, and the hearing date by sending a letter to each customer at his/her last known mailing address by first-class mail, postage prepaid. Such letters shall be mailed to customers no later than June 3, 2011, in a form provided by Commission Staff.

3. That Gull Point shall provide the Commission with written notice that it has complied with the mailing requirements set forth in Ordering Paragraph No. 2 on or before June 10, 2011.

4. That the Commission will conduct a hearing in this matter at its regular meeting on **Tuesday, July 26, 2011**, at 1:00 p.m., to determine the justness and reasonableness of the proposed decreased rates or, if any dispute remains concerning the proposed rate, to consider whether the matter should be referred to a hearing examiner for further proceedings. Julie M. Donoghue, Deputy Attorney General and Staff Counsel, is designated as counsel for this matter.

5. That the deadline for filing petitions to intervene pursuant to Rule 1001-2.9 of the Commission's Rules of Practice and Procedure, and for filing written comment, shall be Friday, July 1, 2011. Late-filed petitions to intervene will not be granted unless good cause is shown. Hearing Examiner Mark Lawrence is designated Hearing Examiner in this matter for the purposes of granting or denying intervention petitions and for admission of counsel pro hac vice.

6. Gull Point is hereby placed on notice that the costs of the proceedings may be charged to it under the provisions of 26 Del. C. §114(b) (1).

7. That Gull Point shall file an application with the Commission for the issuance of a Certificate of Public Convenience and Necessity as soon as practicable, but no later than July 31, 2011.

8. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joanne T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Alisa Carrow Bentley

Secretary