

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of)	DOCKET NO. 890126-WU
Certificate No.98-W from Orangeland)	ORDER NO. 21401
Vistas, Inc. to Palm Lake Cooperative)	ISSUED: 6-19-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTIONORDER SETTING RATE BASE

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is final except for setting of rate base, which is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On March 13, 1989, Orangeland Vistas, Inc. (Orangeland) filed an application with this Commission requesting approval of the transfer of Certificate No. 98-W, held by Orangeland, to Palm Lake Cooperative, Inc. (Palm Lake).

This application was filed after our review of Orangeland's 1986 annual report revealed that the utility had been sold. At that time, the utility was informed that an application requesting Commission approval of the sale, which occurred on December 30, 1986, was required. As stated above, the application was filed on March 13, 1989.

The utility serves the Palm Lake Estates North Mobile Home Park in Riviera Beach, Florida. It does not have a water treatment plant. The water system consists of transmission lines. The utility purchases its water from the City of Riviera Beach and bills the residents of the mobile home park. Of the 920 mobile home lots in the mobile home park, approximately 482 are owned by individuals. When the lots were purchased, each individual received one share of stock in Palm Lake Cooperative, Inc. The remainder of the lots are owned by the Cooperative. Although the name of this utility is Palm Lake Cooperative, Inc. and although more than half of the persons served by the utility are stockholders of the utility, the utility is not a non-profit corporation.

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06037 JUN 19 1989

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Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of facilities. In particular, the notarized application contains:

- a) A check in the amount of \$900 which, upon calculation, equates to the correct filing fee as prescribed by Section 367.141, Florida Statutes.
- b) Adequate service territory description pursuant to Rule 25-30.035(i), Florida Administrative Code. Said territory to be served is described as being in Palm Beach County, and more particularly as described in Attachment A.
- c) Proof of notice to all customers of record pursuant to Rule 25-30.030(g), Florida Administrative Code.
- d) Proof of notice to all interested governmental and regulatory agencies, and all utilities within a four-mile radius of the territory to be served, and proof of advertisement in a newspaper of general circulation in the county, as prescribed by Rule 25-30.030 Florida Administrative Code.

No objections to the requested transfer have been received and the time for filing such has expired.

Since the previous owner is no longer interested in operating the utility, and because Palm Lake has shown its ability to operate this utility and is financially able to provide service, we find that the transfer is in the public interest and it is, therefore, approved. Palm Lake is directed to return Certificate No. 98-W to the Commission for entry reflecting transfer of utility ownership.

Rate Base

An audit of the books and records of the utility was conducted to determine rate base at the time of transfer. Through the audit investigation, we learned that the buyer did not receive any books and records from the previous owner of the utility. Since there were no books and records available to do a rate base audit, the original cost study data from Docket No. 830415 has been used to determine rate base.

The original cost of the distribution system was determined to be \$293,438 as of July 31, 1983. Our review of the 1983-1986 annual reports indicate that the utility did not add or retire any plant. Therefore, Utility Plant-In-Service is \$293,438.

The utility has never assessed a value for land. Since there have been no additional land purchases to date, land remains at \$0.

According to the original cost study, the plant was constructed in 1970. Depreciation from 1970 to 1986, has been

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calculated using Commission approved rates in accordance with Rule 25-30.140, Florida Administrative Code. Accumulated Depreciation is \$149,762.

Contributions-in-aid-of-construction (CIAC) have been imputed by applying Rule 25-30.570, Florida Administrative Code. CIAC Amortization, calculated by applying the rates used for Accumulated Depreciation, is \$112,321.

The rate base calculation for Orangeland does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments. The rate base calculation is used purely to establish the book value of the property being transferred. Therefore, for purposes of this transfer, rate base is \$35,919. Our calculation of rate base is shown on Schedule No. 1, with adjustments itemized on Schedule No. 2.

Books and Records

Our audit indicates that the utility's books and records have not been maintained in accordance with the NARUC Uniform System of Accounts. Rule 25-30.115, Florida Administrative Code, requires water and sewer utilities to maintain their accounts and records in conformity with the 1984 NARUC Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners. Therefore, the utility is directed to comply with the requirements of Rule 25-30.115, Florida Administrative Code, prior to coming in for a rate case.

Rates

Rule 25-9.044(1), Florida Administrative Code, governs rates charged when ownership of a regulated utility changes. The utility has not requested a change in the rates and we see no reason to change them at this time. Therefore, the utility is directed to continue to charge the rates previously approved for Orangeland. Further, Palm Lake is directed to file an original tariff within thirty days of the date of this Order.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the utility's rate base at the date of transfer. In the absence of extraordinary circumstances, it has been Commission policy that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange were not extraordinary or unusual, nor has the utility requested that an acquisition adjustment be included in rate base. Therefore, no positive acquisition adjustment is included in rate base.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificate No. 98-W from Orangeland Vistas, Inc., 5975 South Syracuse Street, Suite 106, Englewood, Colorado 80111, to Palm Lake Cooperative, Inc., 7272 42nd Way North #676, Riviera Beach, Florida 33404, is hereby granted. It is further

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ORDERED that rate base, for the purpose of this transfer, is \$35,919. It is further

ORDERED that Palm Lake Cooperative, Inc., shall comply with the requirements of Rule 25-30.115, Florida Administrative Code, thereby keeping its books and records in accordance with the NARUC Uniform System of Accounts. It is further

ORDERED that Palm Lake Cooperative, Inc. shall continue to charge the rates previously approved for Orangeland Vistas, Inc. Palm Lake shall file an original tariff within 30 days of the date of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an appropriate petition in the form prescribed in Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office, located at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 10, 1989. It is further

ORDERED that if no timely petition is filed objecting to the proposed agency action provisions of this Order, Docket No. 890126-WU shall be closed.

By ORDER of the Florida Public Service Commission,
this 19th day of JUNE, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by

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this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 10, 1989. In the absence of such a petition, this order shall become effective July 11, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on July 11, 1989, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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ATTACHMENT A

PALM LAKE COOPERATIVE, INC.

In Township 42 South, Range 42 East, Palm Beach County.

Part of the Southeast 1/4 Section 25; Part of the North 3/4 of Northeast 1/4 of Section 36 more particularly described as follows:

From the Northeast corner of Section 36 go West along the North Section line of said Section 36; 100 feet more or less to a point on the West right of way line of Interstate 95 to the Point of Beginning; Thence Southeasterly 400 feet along said right of way line to the point of intersection with the East section line of said Section 36; Thence South along said East section line to a point on the North right of way line of State Road 710; Thence Northeasterly along said North right of way line 2620 feet more or less to a point being 525 feet due East of the center line of said Section 36; Thence North 1610 feet more or less to a point on the North right of way line of Blue Heron Boulevard; Thence West 280 feet; Thence North 200 feet; Thence West 200 feet to a point on the East right of way line of Military Trail; Thence North along said right of way line to a point on the East-West center line of Section 25; Thence East along said center line to a point on the West right of way line of said Interstate 95; Thence Southwesterly along said West right of way line 630 feet; Thence West 980 feet; Thence South 800 feet more or less to a point on the South right of way of said Blue Heron Boulevard; Thence East 200 feet; Thence South 200 feet; Thence East 700 feet more or less to a point on the West right of way line of said Interstate 95; Thence Southeasterly along said right of way line 1060 feet more or less to the Point of Beginning.

LESS

The rights of way of Blue Heron Boulevard included in above description.

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Schedule No. 1

Orangeland Vistas, Inc.
 Schedule of Rate Base
 As of December 31, 1986

<u>Description</u>	<u>Balance Per Order No. 13785</u>	<u>Commission Adjustment</u>	<u>Balance Per Commission</u>
Utility Plant in Service	\$293,438	\$ 0	\$293,438
Land	0	0	0
Accumulated Depreciation	(118,757)	(31,005)(1)	(149,762)
Contributions-in-aid-of construction	(220,078)	0	(220,078)
CIAC Amortization	<u>89,066</u>	<u>23,255(2)</u>	<u>112,321</u>
Total	<u>\$ 43,669</u>	<u>\$(7,750)</u>	<u>\$ 35,919</u>

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Schedule No. 2

Orangeland Vistas, Inc.
Rate Base Adjustments

<u>Explanation</u>	<u>Adjustment</u>
<u>Accumulated Depreciation</u>	
1) To reflect accumulated depreciation at the date of transfer, using Commission approved rates.	<u>\$(31,005)</u>
<u>CIAC Amortization</u>	
2) To reflect amortization related to imputed CIAC.	<u>\$ 23,255</u>