

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for) DOCKET NO. 920176-WS
Transfer of Certificates Nos.) ORDER NO. PSC-92-1113-FOF-WS
507-W and 441-S from) ISSUED: 10/05/92
Homosassa Utilities, Inc. to)
USA Utilities Unit 2, Inc. in)
Sumter County, Florida.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

FINAL ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE FOR PURPOSES
OF THE TRANSFER

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein, except for approval of the transfer, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On February 26, 1992, an application was filed with this Commission seeking approval of the transfer of Certificates Nos. 507-W and 441-S from Homosassa Utilities, Inc. (Homosassa) to U.S.A. Utilities Unit 2, Inc. (U.S.A.). Homosassa has two divisions, the Woods Division and the Riverhaven Division. The Woods Division provides water and wastewater service in Sumter

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FOF RECORDS / REPORTING

County; the Riverhaven Division has a separate certificate and provides wastewater service in Citrus County. This Docket deals with the transfer only of the Woods Division, which is a small system serving 61 homes.

Mr. Terence Sullivan is President of Homosassa and, along with his wife, owns 91.2 percent of the utility. The Sullivans also own 50 percent of U.S.A.; the other 50 percent is owned by Mr. John Hotaling, President of U.S.A. U.S.A.'s primary business is providing contract management and operation services to utilities. Although U.S.A. has operated the Woods for several years, the sale has not been finalized, pending Commission approval of the transfer.

Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the application contains a filing fee in the amount of \$300, as prescribed by Rule 25-30.020, Florida Administrative Code. U.S.A. also provided proof that the utility owns the land upon which its facilities are located, as required by Rule 25-30.037(1)(o), Florida Administrative Code.

U.S.A. has provided proof of compliance with the noticing provisions of Rule 25-30.030, Florida Administrative Code, including notice to the customers. No objections to the application have been received and the time for filing such has expired.

U.S.A. is an experienced contract operator for several utilities. Its President, Mr. Hotaling, is a registered professional engineer with considerable experience in the water and wastewater industry. Further, according to information filed with the application, U.S.A. has the financial ability to operate the Woods system. The acquisition will require no capital outlay since the transfer of the Woods system will cancel past debt for operation of the system.

Therefore, we find that it is in the public interest to approve the transfer of Certificates Nos. 507-W and 441-S from Homosassa Utilities, Inc. to U.S.A. Utilities Unit 2, Inc. U.S.A. is directed to return Certificates Nos. 507-W and 441-S to the Commission within 30 days of the date of this Order for entry reflecting the change in ownership. The territory which the

Certificates authorize the utility to serve is described in Attachment A of this Order, which by reference is incorporated herein.

Rate Base

This Commission previously established rate base for Homosassa in the Woods' last staff assisted rate case, Docket No. 900966-WS. According to Order No. 25139, issued on September 30, 1991, rate base was \$4,933 and \$25,750 for the water and wastewater systems, respectively, as of December 31, 1990.

Adjustments updating rate base to the date of transfer have been provided by U.S.A. Based on our audit of the books and records, we have determined rate base as of January 31, 1992, the date of transfer. In order to establish rate base, additional plant and contributions-in-aid-of-construction (CIAC) have been included and accumulated depreciation and amortization of CIAC have been updated for the thirteen-month period since rate base was last established. Also, major adjustments have been made to the utility's balances to record the balances established by Order No. 25139, but which were never recorded on the books.

Based on the above adjustments, rate base for Homosassa's Woods Division is \$8,697 for the water system and \$29,356 for the wastewater system as of January 31, 1992. Our calculation of rate base is shown on Schedules Nos. 1 and 3 for the water and wastewater systems, respectively.

The calculation of rate base does not include an acquisition adjustment. An acquisition adjustment results when the purchase price differs from the original cost calculation. Since the purchase price of the Woods system is equal to the rate base calculated herein, there is neither a positive nor a negative acquisition adjustment.

It should also be noted that the calculation of rate base is used only to establish the net book value of the system being transferred. It does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

Rates and Charges

The rates and charges approved for Homosassa became effective on October 20, 1991, pursuant to Order No. 25139, issued in Docket

No. 900966-WS. Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a system to adopt and use the rates, classification and regulations of the former owner unless authorized to change by this Commission. U.S.A. has not requested to change the rates and charges of the utility and we see no reason to change them at this time. U.S.A. shall continue to charge the rates and charges approved for Homosassa until authorized to change by them this Commission in a subsequent proceeding. U.S.A. has filed a revised tariff reflecting the change in ownership. The tariff shall be effective for service provided or connections made after the stamped approval date on the tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificates Nos. 507-W and 441-S from Homosassa Utilities, Inc., 6608 Walton Way, Tampa, Florida 33610-5517, to U.S.A. Utilities Unit 2, Inc., 6608 Walton Way, Tampa, Florida 33610-5517, is hereby approved. U.S.A. shall return the Certificates to this Commission within 30 days of the date of this Order for entry reflecting the change in ownership. It is further

ORDERED that rate base, for purposes of this transfer and which reflects the net book value of the system, is \$8,697 for the water system and \$29,256 for the wastewater system as of January 31, 1992. It is further

ORDERED that U.S.A. shall charge the customers of the utility transferred herein the rates and charges approved in Homosassa's tariff until authorized to change by the Commission. It is further

ORDERED that the provisions of this Order, except for approval of the transfer, are issued as proposed agency action and will become final unless an appropriate petition is filed with the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings on Judicial Review. It is further

ORDERED that, in the event no timely protest is received to the proposed agency action provisions of this Order, this Docket shall be closed.

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By ORDER of the Florida Public Service Commission this 5th day
of October, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC

by: Kay Flynn
Chief, Bureau of Records

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 herein, except for the granting of water and wastewater certificates, 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 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 October 26, 1992. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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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 the date described above, 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 wastewater 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 wastewater 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.

ATTACHMENT A

Homosassa Utilities, Inc. (Woods Division)

TERRITORY DESCRIPTION

The following described lands located in portions of Sections 7 and 12, Township 22 South, Range 21 East, Sumter County, Florida:

Section 12:

The Southwest 1/4 of the Southeast 1/4 of the Northeast 1/4; the South 660 feet of the Southwest 1/4, Less the West 480 feet thereof; the North 736 feet of Northwest 1/4 of Southeast 1/4, less the West 489 feet thereof.

Sections 12 and 7: (water only)

The Southwest 1/4 of the Southeast 1/4 of the Northwest 1/4 lying West of U.S. Highway No. 301; and the Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4 and the Southwest 1/4 of the Southwest 1/4 of the Northwest 1/4 and the Northwest 1/4 of the Northwest 1/4 of the Southwest 1/4 and the Northeast 1/4 of the Northwest 1/4 of the Southwest 1/4 and the Northwest 1/4 of the Northeast 1/4 of the Southwest 1/4 lying West of U.S. Highway No. 301; thereof, all being in Section 7, Township 22 South, Range 22 East, also the Southeast 1/4 of the Southeast 1/4 of the Northeast 1/4 and the Northeast 1/4 of the Northeast 1/4 of the Southeast 1/4; thereof, all being in Section 12, Township 22 South, Range 21 East, Sumter County, Florida.

SCHEDULE NO. 1

Homosassa Utilities, Inc. (The Woods)

SCHEDULE OF WATER RATE BASE
As of January 31, 1992

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$ 47,041	\$ 69,963 (1)	\$ 117,004
Land	500	3,000 (2)	3,500
Accumulated Depreciation	(1,983)	(44,856) (3)	(46,839)
Contributions-in-aid-of-Construction	(40,600)	(48,741) (4)	(89,341)
CIAC Amortization	<u>1,825</u>	<u>22,548 (5)</u>	<u>24,373</u>
TOTAL	<u>\$ 6,783</u>	<u>\$ 1,914</u>	<u>\$ 8,697</u>

SCHEDULE NO. 2

Homosassa Utilities, Inc. (The Woods)

SCHEDULE OF WATER RATE BASE ADJUSTMENT
(as of January 31, 1992)

<u>DESCRIPTION</u>	<u>ADJUSTMENT</u>
<u>Utility Plant in Service</u>	
(1) Reflect balance per Order No. 25139	<u>\$ 65,404</u>
Reflect plant additions	<u>\$ 4,559</u>
Total Plant-in-Service	<u>\$ 69,963</u>
<u>Land</u>	
(2) Reflect balance per Order No. 25139	<u>\$ 3,000</u>
<u>Accumulated Depreciation</u>	
(3) Reflect Balance per Order No. 25139	<u>(\$41,744)</u>
Recalculate to transfer date	<u>(3,112)</u>
Total Accumulated Depreciation	<u>\$ 44,856</u>
<u>Contributions-in-Aid-of-Construction</u>	
(4) Reflect Order No. 25139	<u>(45,685)</u>
Reflect CIAC Additions	<u>(3,056)</u>
Total CIAC	<u>(48,741)</u>
<u>CIAC Amortization</u>	
(5) Reflect Order No. 25139	<u>\$ 20,167</u>
Recalculate to transfer date	<u>\$ 2,381</u>
Total CIAC Amortization	<u>\$ 22,548</u>

SCHEDULE NO. 3

Homosassa Utilities, Inc. (The Woods)

SCHEDULE OF WASTEWATER RATE BASE
As of January 31, 1992

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$ 3,569	\$ 85,747 (1)	\$ 89,316
Land	500	7,000 (2)	7,500
Accumulated Depreciation	(261)	(44,108) (3)	(44,369)
Contributions-in-aid-of-Construction	(550)	(59,642) (4)	(60,192)
CIAC Amortization	<u>7</u>	<u>36,994 (5)</u>	<u>37,001</u>
TOTAL	<u>\$ 3,265</u>	<u>\$ 25,991</u>	<u>\$ 29,256</u>

SCHEDULE NO. 4

Homosassa Utilities, Inc. (The Woods)

SCHEDULE OF WASTEWATER RATE BASE ADJUSTMENTS
(as of January 31, 1992)

<u>DESCRIPTION</u>	<u>ADJUSTMENT</u>
<u>Utility Plant in Service</u>	
(1) Reflect balance per Order No. 25139	\$ <u>84,178</u>
Reflect plant additions	\$ <u>1,569</u>
Total Plant-in-Service	\$ <u>85,747</u>
<u>Land</u>	
(2) Reflect balance per Order No. 25139	\$ <u>7,000</u>
<u>Accumulated Depreciation</u>	
(3) Reflect Balance per Order No. 25139	(\$ <u>41,709</u>)
Recalculate to transfer date	(<u>2,399</u>)
Total Accumulated Depreciation	\$ <u>44,108</u>
<u>Contributions-in-Aid-of-Construction</u>	
(4) Reflect Order No. 25139	(<u>59,142</u>)
Reflect CIAC Additions	(<u>500</u>)
Total CIAC	(<u>59,642</u>)
<u>CIAC Amortization</u>	
(5) Reflect Order No. 25139	\$ <u>35,375</u>
Recalculate to transfer date	\$ <u>1,619</u>
Total CIAC Amortization	\$ <u>36,994</u>