

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of majority organizational control of Park Water Company Inc., holder of Certificate No. 583-W in Polk County, from Louis Staiano to Anthony Staiano.

DOCKET NO. 001388-WU  
ORDER NO. PSC-01-0080-FOF-WU  
ISSUED: January 9, 2001

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
E. LEON JACOBS, JR.  
LILA A. JABER  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI

ORDER APPROVING TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL  
AND CLOSING DOCKET

BY THE COMMISSION:

Background

On September 28, 2000, Park Water Company (PWC or utility) filed an application for approval of the transfer of majority organizational control of the utility from Louis Staiano (Seller) to Anthony Staiano (Buyer), pursuant to Section 367.071, Florida Statutes. PWC is a Class C utility which provides water service to single family residences, duplexes, mobile homes, and general service customers in Polk County. PWC currently serves 814 customers. The utility was established in 1955 under the name, Crooked Lake Park Water Company, Inc. The name was changed to PWC in 1996.

According to PWC's 1999 annual report, PWC had annual revenues of \$190,113, and a net operating income of \$4,653. The utility's facilities consist of one water treatment plant and one water transmission and distribution system.

DOCUMENT NUMBER-DATE

00360 JAN-98

TRUSTEES REPORTING

During a recent staff-assisted rate case, in Docket No. 991627-WU, it was discovered that majority organizational control of the utility had been transferred from Louis Staiano (father) to Anthony Staiano (son), without Commission approval. The transfer occurred on July 1, 1999. Due to the circumstances surrounding the transfer, we declined to initiate show cause proceedings against the utility. See Order No. PSC-00-1774-PAA-WU, issued September 27, 2000, in Docket No. 991627-WU. Instead, the utility was required to file an application for transfer of majority organizational control within 90 days of the effective date of the Order. As stated previously, the application for transfer of majority organizational control was filed on September 28, 2000.

Order No. PSC-00-1774-PAA-WU established rate base for PWC as \$383,388, as of December 31, 1999. It is Commission practice not to establish rate base in transfers of majority organizational control. Because stock, whether publicly or privately traded, has no regulatory relationship to rate base, different ownership of stock does not affect a utility's rate base balance. Consequently, the stock purchase price and rate base are not considered in making a public interest determination in a transfer of majority organizational control. The transfer of stock of PWC from Louis Staiano to Anthony Staiano will not alter the utility's asset and liability accounts. Accordingly, the transfer of stock ownership will not change the rate base balance. It is also Commission practice that acquisition adjustments not be considered in stock transfers.

#### Application

PWC's application, as filed, was deficient. All deficiencies were corrected on November 14, 2000. The application is now in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains a filing fee in the amount of \$1,500, as required by Rule 25-30.020, Florida Administrative Code.

The application also contains evidence of compliance with the noticing requirements set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application have been received and the time for filing such has expired.

Ownership and Environmental Compliance

The application included evidence that the utility owns the land upon which its facilities are located, as required by Rule 25-30.037(3)(i), Florida Administrative Code. The warranty deed provided by the utility is in the name of Crooked Lake Park Water Company. Because Crooked Lake Park Water Company and PWC are the same entity, we find that the deed satisfies the requirements of Rule 25-30.037(3)(i), Florida Administrative Code.

With regard to environmental compliance, pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the buyer provided a statement that, upon reasonable investigation, the systems being acquired appear to be in satisfactory condition and in compliance with all applicable standards set by the Polk County Health Department (PCHD). According to PCHD, a sanitary survey of the system was completed in June, 2000, and it was found to be in compliance with all applicable environmental standards.

Public Interest

Rule 25-30.037(3)(f), Florida Administrative Code, requires the applicant to provide a statement as to how the transfer is in the public interest. According to the application, the transfer is in the public interest because the Buyer has had the experience of operating the water utility for a number of years. The Buyer has been President of PWC for the last two years, was Vice President for five years and has a Class C Florida Water Operators License. Further, the Buyer has the financial resources to make any future improvements to the utility system which are deemed necessary. In addition, the application contains a statement that the Buyer will fulfill the commitments, obligations and representations of the Seller with regard to utility matters.

Financing

Rules 25-30.037(3)(e) and (g), Florida Administrative Code, require a statement of how the transfer is being financed and a disclosure of all entities that have provided, or will provide, funding to the buyer. According to the "Agreement For Sale of Stock", which was entered into on January 1, 1999, Anthony Staiano purchased all of the stock that the Seller owned in PWC for

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\$150,000 cash. There is no outstanding debt in regard to the purchase of the utility.

Regulatory Assessment Fees and Date of Transfer

PWC is current through 1999 on annual reports and regulatory assessment fees (RAFs), and there are no penalties, fees or refunds due. The date of closing on the transfer was July 1, 1999. Therefore, the Buyer, Mr. Anthony Staiano, will be responsible for all RAFs and annual reports after that date.

Based on the foregoing, we find that the transfer of majority organizational control of PWC from Louis Staiano to Anthony Staiano is in the public interest and it is approved. The territory PWC is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein.

Rates and Charges

PWC's current rates and charges became effective on October 23, 2000, pursuant to Order No. PSC-00-1957-CO-WU, issued October 23, 2000, in Docket No. 991627-WU. Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classifications and regulations of the former operating company unless authorized to change by this Commission.

The Buyer has not requested to change the rates and charges of the utility and we see no reason to change them at this time. Therefore, the utility shall continue to charge the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. PWC has filed a revised tariff reflecting the change in issuing officer due to the transfer of majority organizational control. The tariff shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of majority organizational control of Park Water Company, Inc., 25 First Avenue North, Lake Wales, Florida 33853, from Louis Staiano to Anthony Staiano, is hereby approved. The territory Park

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Water Company, Inc. is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein. It is further

ORDERED that Park Water Company, Inc. shall continue to charge the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that the tariff, which reflects the change in ownership, shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that this docket is hereby closed.

By ORDER of the Florida Public Service Commission this 9th day of January, 2001.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/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.

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ATTACHMENT A

PARK WATER COMPANY, INC.

POLK COUNTY

TERRITORY DESCRIPTION

SECTIONS 23, 26, 27, 28, 29, 32, 33, 34, 35, and 36 of Township 30 South, Range 27 East, all located in Polk County, Florida.