



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** MAY 8, 2003

**TO:** DIRECTOR, DIVISION OF THE COMMISSION  
ADMINISTRATIVE SERVICES (BAYÓ)

**FROM:** DIVISION OF ECONOMIC REGULATION (CLAPP, REDEMANN, E. BASS) *DM*  
OFFICE OF THE GENERAL COUNSEL (HARRIS) *DM*

**RE:** DOCKET NO. 030102-WS - APPLICATION FOR AUTHORITY TO  
TRANSFER CERTIFICATE NOS. 620-W AND 533-S IN HIGHLANDS  
COUNTY FROM THE WOODLANDS OF LAKE PLACID, L.P. TO L. P.  
UTILITIES CORPORATION.  
COUNTY: HIGHLANDS

**AGENDA:** 05/20/03 - REGULAR AGENDA - INTERESTED PERSONS MAY  
PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\030102WS.RCM

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### CASE BACKGROUND

The Woodlands of Lake Placid, L.P. (Woodlands or utility) is a Class C water and wastewater utility providing service in Highlands County. The utility provides water and wastewater service to 151 residential customers located within the Lake Placid Camp Florida Resort RV park (Camp Florida, Resort or RV park) and water service to 33 residential customers located outside the park (Hickory Hills and Lake Ridge Estates). It also provides water service to four general service customers outside the park and water and wastewater service to two general service customers located within the RV park. The Camp Florida Resort Homeowners Association, one of the general service customers in the RV Park, has nine connections. The other general service customer is the RV park with 164 connections, consisting of 162 rental lots, the Community Center, and the Guard House. The utility is in both the

DOCUMENT NUMBER-DATE

04170 MAY-8 8

FPSC-COMMISSION CLERK

DATE: MAY 8, 2003

Highlands Ridge and Southern Water Use Caution Areas of the Southwest Florida Water Management District (SWFWMD).

In December, 1996, the utility informed its customers of a rate increase for water and wastewater from \$25 to \$35 per month. Prior to that time, the Public Service Commission (Commission) considered the utility exempt pursuant to Section 367.022(4), Florida Statutes, by Order No. 20905, issued March 16, 1989. As a result of customer complaints about the rate increase, staff contacted the utility and determined that it was no longer exempt because it was charging the homeowner's association for water and wastewater service and it was serving customers outside of the RV park.

The utility filed an application for certification on March 24, 1999, and was granted Certificates No. 620-W and No. 533-S pursuant to Order No. PSC-02-0250-PAA-WS, issued February 26, 2002, in Docket No. 990374-WS. The order also required the utility to hold the amount of the unauthorized rate increase from \$25 to \$35 per month subject to refund from the date of implementation to February 5, 2002, with interest pursuant to Rule 25-30.360, Florida Administrative Code. Also included in Order No. PSC-02-0250-PAA-WS was mention of the utility's January 2, 2002, application for a staff assisted rate case (SARC) in Docket No. 020010-WS. The SARC (Docket No. 020010-WS) and the certificate case (Docket No. 990374-WS) were consolidated in PAA Order No. PSC-02-1739-PAA-WS, issued on December 10, 2002. The utility protested the PAA order and the case was set for public hearing on May 28 and 29, 2003.

On January 29, 2003, the Commission received an application from L. P. Utilities Corporation (LPUC) for authority to transfer Water Certificate No. 620-W and Wastewater Certificate No. 533-S from Woodlands to LPUC. According to the application Highvest Corporation (Highvest), lender of funds to Woodlands, foreclosed on a lien on the utility assets and purchased the assets at the foreclosure sale. Highvest then sold the assets to LPUC. When staff learned of the transfers, Highvest was asked to file an application for transfer. The Commission has jurisdiction to consider this matter pursuant to Sections 367.071 and 367.1214, Florida Statutes.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the transfer of Water Certificate No. 620-W and No. 533-S from Woodlands to LPUC be approved?

**RECOMMENDATION:** No. The transfer of Certificates No. 620-W and No. 533-S from Woodlands to LPUC should be denied. Instead the application should be treated as a request for approval of the reorganization and name change of The Woodlands of Lake Placid, L.P. to L.P. Utilities Corporation. The reorganization and name change should be approved. The revised tariff should be effective for services rendered or connections made on or after the stamped approval date. LPUC is responsible for submitting the utility's regulatory assessment fees for the period January 1, 2002 through September 30, 2002. (CLAPP, REDEMANN, E. BASS, HARRIS)

**STAFF ANALYSIS:** As stated in the case background, LPUC applied for a transfer of Water Certificate No. 620-W and Wastewater Certificate No. 533-S in Polk County from Woodlands to LPUC on January 29, 2003. The application was incomplete and a deficiency letter was sent on March 3, 2003. The deficiency response was received on March 31, 2003. The application is filed under Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer.

Woodlands is a limited partnership with Camper Corral, Inc. as a general partner, Nancy Ayres as a limited partner, and R. Anthony Cozier as a limited partner. The officer and shareholder of Camper Corral, Inc., is R. Anthony Cozier.

The transfer application contains an explanation that Woodlands borrowed funds from the Nancy Ayres Charitable Remainder Unit Trust to purchase the utility facilities. The note for this loan was later assigned to Highvest Corporation (Highvest), whose sole shareholder is Nancy Ayres and whose president is R. Anthony Cozier. When the utility failed to meet its obligations under the loan, Highvest filed for judicial foreclosure of its security. The final judgment of foreclosure was entered on August 7, 2002, and Highvest purchased the utility facilities and associated real property at the foreclosure sale. The Clerk of the Court issued Highvest a Certificate of Title on September 27, 2002. On October 1, 2002, Highvest transferred its interest in the utility facilities and associated real property to LPUC, whose sole shareholder is Anbeth Corporation. Anbeth Corporation is solely

DATE: MAY 8, 2003

owned by a trust formed by R. Anthony Cozier and his wife, Teresa Cozier. The following matrix is provided to understand the relationships among these entities.

Entity	Shareholders, Members, Partners	Officers, Directors
Woodlands of Lake Placid, L.P.	Camper Corral, Inc., general partner Nancy Ayres, limited partner R. Anthony Cozier, limited partner	R. Anthony Cozier
Camper Coral, Inc.	R. Anthony Cozier, sole shareholder	R. Anthony Cozier
Highest Corporation	Nancy Ayres, sole shareholder	R. Anthony Cozier - President John H. Lovelette - Vice President Teresa A. Lovelette - Secretary
Anbeth Corporation	Trust formed by R. Anthony Cozier and Teresa Cozier	R. Anthony Cozier - Director Elizabeth Cozier - Director
L. P. Utilities Corporation (LPUC)	Anbeth Corporation, sole shareholder	R. Anthony Cozier - Director John H. Lovelette - Director Teresa A. Lovelette - Director

All of the entities listed above are interrelated. Therefore, it appears that there was a reorganization and name change from Woodlands to LPUC pursuant to Section 367.1214, Florida Statutes. LPUC has met the requirement for a reorganization and name change. It appears that the reorganization was to convert from the limited partnership, The Woodlands of Lake Placid, L.P., to the corporate business entity, L.P. Utilities Corporation.

DATE: MAY 8, 2003

According to the deficiency response, LPUC was created in 2001 with the intention of acquiring the Woodland assets. It appears that this was accomplished by transferring the Woodlands assets into the name of LPUC on October 1, 2002.

A copy of the notice sent to the customers of the utility informing them of the change in utility name was included in the application, as well as an original and two copies of the proposed water and wastewater tariffs reflecting the name change. Staff has verified that the notice contains the appropriate information regarding the name change and there are no substantive changes in the tariffs other than the proposed name change. The office, management and all personnel of the utility will remain essentially unchanged. Further, there will be no change in the operations or level of service.

Rule 25-30.110(3), Florida Administrative Code, requires an annual report be filed for any year a utility is jurisdictional as of December 31st. Staff has verified that the utility is current with respect to annual reports through 2002.

Staff has also verified that the utility has paid regulatory assessment fees (RAF) through 2001. On March 28, 2003, LPUC submitted RAFs for the period October 1, 2002 through December 31, 2002. With respect to the reorganization and name change, LPUC continues to be responsible for submitting the utility's RAFs for the period January 1, 2002 through September 30, 2002.

Therefore, staff recommends that the transfer of Certificates No. 620-W and No. 533-S from Woodlands to LPUC should be denied. Instead the application should be treated as a request for approval of the reorganization and name change of The Woodlands of Lake Placid, L.P. to L.P. Utilities Corporation. The reorganization and name change should be approved. The revised tariff should be effective for services rendered or connections made on or after the stamped approval date. LPUC is responsible for submitting the utility's regulatory assessment fees for the period January 1, 2002 through September 30, 2002.

DOCKET NO. 030102-WS

DATE: MAY 8, 2003

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes. The docket should be closed. (HARRIS)

**STAFF ANALYSIS:** If the Commission approves staff's recommendation is Issue 1, no further action is required and therefore, this docket should be closed.