

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for transfer of Certificate  
Nos. 542-W and 470-S in Putnam County from  
St. John's River Club, L.L.C. to St. John's  
River Club Utility Company, LLC.

DOCKET NO. 060703-WS  
ORDER NO. PSC-07-0195-FOF-WS  
ISSUED: March 5, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. McMURRIAN

ORDER APPROVING TRANSFER OF FACILITIES AND CERTIFICATE NOS. 542-W  
AND 470-S FROM ST. JOHN'S RIVER CLUB, L.L.C. TO ST. JOHN'S RIVER CLUB  
UTILITY COMPANY, L.L.C.

BY THE COMMISSION:

Background

St. John's River Club, L.L.C. (utility or applicant) is a Class C water and wastewater utility providing service to approximately 74 customers in the Bayou Club development located in Putnam County. The Bayou Club was formally the Sunraye River Estates subdivision. An additional 240 lots will be developed in the subdivision. The utility is located in the St. Johns River Water Management District (SJRWMD). The SJRWMD has implemented district-wide irrigation water use restrictions to encourage conservation. The utility's 2005 annual report indicates gross revenues of \$14,328 and \$14,169 for water and wastewater, respectively, and net operating losses of \$3,606 for water and \$7,982 for the wastewater system.<sup>1</sup> The utility has had one staff assisted rate case.<sup>2</sup> St. John's River Club, L.L.C. acquired the utility in 2005.<sup>3</sup>

On October 31, 2006, the utility filed an application for transfer of its facilities and certificates from St. John's River Club, L.L.C. to St. John's River Club Utility Company, L.L.C. According to the application, on September 14, 2006, SJRC, LLC (SJRC) entered into an agreement to purchase the Bayou Club subdivision and the utility serving the area. SJRC is the

<sup>1</sup> This Commission granted original Certificate Nos. 542-W and 470-S to Buffalo Bluff Utilities, Inc. by Order No. PSC-92-0330-FOF-WS, issued May 11, 1992, in Docket No. 910646-WS, In Re: Application for water and wastewater certificates in Putnam County by Buffalo Bluff Utilities, Inc.

<sup>2</sup> Order No. PSC-00-2500-PAA-WS, issued December 26, 2000, in Docket No. 00327-WS, In Re: Application for Staff-Assisted Rate Case in Putnam County by Buffalo Bluff Utilities, Inc.

<sup>3</sup> Order No. PSC-05-0431-PAA-WS, issued April 20, 2005, in Docket No. 041096-WS, In Re: Application for Transfer of Certificate Nos. 542-W and 470-S in Putnam County from Buffalo Bluff Utilities, Inc. to St. John's River Club, L.L.C.

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parent company of St. John's River Club Utility Company, L.L.C. A purchase price of \$100,000 was allocated as the value of the utility. The application was deficient as filed and the deficiencies were corrected on December 21, 2006.

The closing on the sale of the utility facilities will not take place until after this Commission approves the transfer. We have jurisdiction pursuant to Section 367.071, Florida Statutes.

Transfer of Facilities and Certificate Nos. 542-W and 470-S

The transfer application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and rules concerning an application for transfer. The application contains proof of compliance with the noticing requirements, pursuant to Rule 25-30.030, Florida Administrative Code. No objections to the notice of application have been received and the time for filing such objections has expired.

The application contains a copy of the purchase agreement which includes the purchase price, terms of payment, and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, or customer advances that must be disposed of in relation to the transfer. SJRC purchased the mobile home park and the utility serving the development and allocated \$100,000 of the purchase price to the utility. SJRC assigned all of its contractual rights for the utility to St. John's River Club Utility Company, L.L.C. The purchase is a cash transaction, and the funds are being held in an escrow account until this Commission approves the transfer.

Pursuant to Rule 25-30.037(2)(q), Florida Administrative Code, the application is to contain evidence that the utility owns or has control of the land upon which the utility facilities are located. The applicant provided a copy of a 99-year lease between SJRC and the utility, which was executed on December 1, 2006. A copy of the recorded lease will be provided after the closing takes place.

The application also contains a statement, pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, regarding how the transfer is in the public interest. According to the applicant, the transfer is in the public interest because the seller is no longer interested in continuing in the utility business. The applicant states that the principal owners of SJRC have the experience, the expertise, and the financial capability needed to maintain this utility. In addition, the buyers will retain the services of the utility's engineer. The engineer is a Florida Department of Environmental Protection (FDEP) certified plant operator with over 18 years of experience in water and wastewater operations. He has provided operational, supervisory, and consultant services for the utility since June 1987.

According to the application, in regards to the buyer's technical ability, the three principal managerial members of SJRC have diverse experience that will contribute to the management and operation of the utility. Two of the principal managing partners worked for D.A.M. Management, LLC. D.A.M. Management, LLC was a management company for more

than forty manufactured housing communities until it was sold in 2004. While in the employment of D.A.M. Management, LLC, one of the managing partners held the position of President, while the other was Vice President of Operations. The President, Ms. Wachs, has approximately twenty years of experience in managing the operations of private water and wastewater systems. The Vice President of Operations, Mr. Marcus Mancini, has fifteen years of experience in managing manufactured housing communities. In addition, Mr. Mancini was a certified water operator in the State of New York. Moreover, the utility will continue to operate and benefit from the assistant development manager's skills and ability, since he is one of the previous owners. According to the application, at the present time, safe and reliable water and wastewater service is provided to the customers.

With regard to the buyers' financial ability, the ability of the buyers to pay cash for the utility is evidence of their financial ability. We have reviewed the financial statements of the principal managing member and it appears that there are more than adequate resources to support the utility. Also, the buyers have indicated a willingness to secure lines of credit so that the utility may continue to operate in accordance with sound engineering practices and comply with the rules and policies of this Commission. Additionally, the application contains a statement that the buyers will fulfill the commitments, obligations, and representations of the sellers with regard to utility matters.

The application states that the buyers have performed a reasonable investigation of the utility system as required by Rule 25-30.037(2)(p), Florida Administrative Code. The buyers included a statement that the system appears to be in satisfactory condition and in compliance with all applicable standards set by the FDEP. We have contacted the FDEP and verified that there are no outstanding notices of violation with respect to FDEP requirements. The utility's water treatment plant is composed of two two-inch wells and two four-inch wells with aeration and liquid chlorination used as the primary forms of treatment. The wastewater system consists of one lift station and percolation ponds are used as the method of effluent disposal.

The application states that all regulatory assessment fees (RAFs) have been paid by the utility and no refunds or fines are outstanding. The utility has filed its 2005 annual report and has paid its 2005 RAFs. A statement is included in the filing that St. John's River Club, L.L.C. will pay the RAFs for the period of January 1, 2006, through the closing date and will file the 2006 annual report. St. John's River Club Utility Company, L.L.C. will be responsible for paying the RAFs from the closing date and for filing the annual report in subsequent years.

Our staff has discussed the responsibilities of a regulated utility with the managing members of SJRC. The buyer has indicated that it is using the National Association of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA) and understands it may not change its rates and charges or serve outside the utility's authorized territory without obtaining prior Commission approval.

The utility's rates and charges were established by Order No. PSC-00-2500-PAA-WS. The buyer has not requested a change in rates and charges. Therefore, the existing rates and

charges, as shown on Attachment B to this Order, shall continue in effect until authorized to change by this Commission, pursuant to Rule 25-9.044(1), Florida Administrative Code.

Based upon the foregoing, we find that the transfer of facilities and Certificate Nos. 542-W and 470-S from St. John's River Club, L.L.C. to St. John's River Club Utility Company, L.L.C. is in the public interest and it is therefore approved, effective on the date of the closing on the sale of the utility facilities. In addition, St. John's River Club, L.L.C. shall be responsible for the payment of all RAFs due for revenues received from January 1, 2006 through the date of closing and for filing the 2006 annual report. St. John's River Club Utility Company, L.L.C. shall be responsible for the payment of all RAFs and for filing annual reports thereafter. The tariff pages reflecting the transfer shall be effective for services provided or connections made on or after the stamped approval date on the tariff sheets. This Order serves as the utility's water and wastewater certificates and shall be retained by the utility. A description of the territory being transferred is appended to this Order as Attachment A. Within 30 days of the issuance date of this Order approving the transfer, the utility shall file a copy of the recorded lease and proof of the closing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of facilities and Certificate Nos. 542-W and 470-S from St. John's River Club, L.L.C., to St. John's River Club Utility Company, L.L.C., is hereby approved effective on the date of the closing on the sale of the utility facilities. It is further

ORDERED that Attachments A and B, appended to this Order, are incorporated herein by reference. It is further

ORDERED that St. John's River Club, L.L.C. shall be responsible for the payment of all regulatory assessment fees due for revenues received from January 1, 2006 through the date of closing and for filing the 2006 annual report. St. John's River Club Utility Company, L.L.C. shall be responsible for the payment of all regulatory assessment fees and for filing annual reports thereafter. It is further

ORDERED that the tariff pages reflecting the transfer shall be effective for services provided or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the existing rates and charges, as shown on Attachment B to this Order, shall continue in effect until authorized to change by this Commission, pursuant to Rule 25-9.044(1), Florida Administrative Code. It is further

ORDERED that this Order serves as the utility's water and wastewater certificates and shall be retained by the utility. A description of the territory being transferred is appended to this Order as Attachment A. It is further

ORDERED that within 30 days of the issuance date of this Order, the utility shall file a copy of the recorded lease and proof of the closing. It is further

ORDERED that this docket shall remain open pending receipt of proof of the executed purchase agreement confirming the closing and a copy of the recorded lease agreement. Upon receipt of these items, the docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 5th day of March, 2007.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By:



Ann Cole, Chief  
Bureau of Records

(SEAL)

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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 the Commission Clerk and Administrative Services, 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 the Commission Clerk and Administrative Services 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.

**ST. JOHN'S RIVER CLUB UTILITY COMPANY, L.L.C.**

**DESCRIPTION OF TERRITORY SERVED**

A part of Sections 33 and 34, Township 10 South, Range 26 East and a part of Section 39, Township 10 South, Range 26 East and part of Section 39, Township 11 South, Range 26 East, Putnam County, Florida, being more particularly described as follows: For a point of reference commence at the point of intersection of the northerly line of said Section 39, Township 10 South, Range 26 East, said point being 100.00 feet easterly of as measured at right angles to the center line of the CSX Transportation right-of-way as now established; thence S 28°27'00" E, a distance of 1226.87 feet to the northeasterly right-of-way of County Road 309-B as now established to the POINT OF BEGINNING; thence northwesterly along said northeasterly right-of-way line, along the arc of a curve concave northeasterly and have a radius of 1860.08 feet, a chord bearing of N 53°28'26" W and a chord distance of 118.36 feet; thence N 28°27'00" W, a distance of 1281.54 feet; thence N 61°33'00" E, a distance of 50.00 feet; thence N 28°27'00" W, along the easterly right-of-way line of the CSX Transportation right-of-way, said right-of-way line being 100.00 feet easterly of as measured at right angles to said center line as now established, a distance of 1404.97 feet; thence N 73°28'46" E, a distance of 478.55 feet; thence N 01°09'00" W, a distance of 210.00 feet; thence N 88°51'00" E, a distance of 210.00 feet; thence N 01°09'00" W, a distance of 600 feet more or less to the waters of Murphy Creek; thence southeasterly along said waters of Murphy Creek a distance of approximately 4700 feet to the easterly line of Section 39, Township 10 South, Range 26 East; thence S 26°14'14" E, along said easterly line of said Section 39, Township 10 South, Range 26 East and the easterly line of said Section 39, Township 11 South, Range 26 East, a distance of 1447 feet more or less; thence S 74°31'16" W, a distance of 1674.27 feet, to the northeasterly right-of-way line of County Road 309-B as now established; thence N 59°08'00" W along said northeasterly right-of-way line a distance of 203.67 feet; thence northwesterly along the northeasterly right-of-way line, along the arc of a curve concave northeasterly and having a radius of 1860.08 feet, a chord bearing of N 57°11'47" W and a chord distance of 125.6 feet to the POINT OF BEGINNING.

**FLORIDA PUBLIC SERVICE COMMISSION**

Authorizes

**St. John's River Club Utility Company, L.L.C.**  
pursuant to  
**Certificate Number 542-W**

to provide water service in Putnam County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
PSC-92-0330-FOF-WS	5/11/92	910646-WS	Original Certificate
PSC-05-0431-PAA-WS	4/20/05	041096-WS	Transfer
PSC-07-0195-FOF-WS	3/05/07	060703-WS	Transfer



**FLORIDA PUBLIC SERVICE COMMISSION**

Authorizes

**St. John's River Club Utility Company, L.L.C.**  
pursuant to  
**Certificate Number 470-S**

to provide wastewater service in Putnam County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
PSC-92-0330-FOF-WS	5/11/92	910646-WS	Original Certificate
PSC-05-0431-PAA-WS	4/20/05	041096-WS	Transfer
PSC-07-0195-FOF-WS	3/05/07	060703-WS	Transfer

**WATER**  
**Residential and General Service**  
**Monthly Service Rates**

<u>Meter Size:</u>	<u>Base Facility Charge:</u>
5/8" x 3/4"	\$ 7.91
3/4"	\$ 11.87
1"	\$ 19.78
1-1/2"	\$ 39.55
2"	\$ 63.28
3"	\$126.56
4"	\$197.75
6"	\$395.50
Charge per 1,000 gallons	\$ 3.63

**WASTEWATER**  
**Monthly Service Rates**  
**Residential**

<u>Meter Size:</u>	<u>Base Facility Charge:</u>
All Meter Sizes	\$ 11.09
Charge per 1,000 gallons (8,000 gallon cap)	\$ 3.84

**General Service**

<u>Meter Size:</u>	<u>Base Facility Charge:</u>
5/8" x 3/4"	\$ 11.09
3/4"	\$ 16.64
1"	\$ 27.73
1-1/2"	\$ 55.45
2"	\$ 88.72
3"	\$177.44
4"	\$277.25
6"	\$554.50
Charge per 1,000 gallons	\$ 4.60

**Miscellaneous Service Charges**

Initial Connection Fee	\$ 25.00
Normal Reconnection Fee	\$ 25.00
Violation Reconnection Fee:	
Water	\$ 25.00
Wastewater	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$ 25.00

**Service Availability Charges**

	Water	Wastewater
Main Extension Charge	\$545.00	\$935.00
Meter Installation Charge	\$110.00	