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DIVISION OF ACCOUNTING & FINANCE
(850) 413-6900

Public Service Commission

October 2, 2012

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COMMISSION
CLERK

Mr. Gary V. Perko
Hopping Green & Sams, P.A.
P.O. Box 6526
Tallahassee, Florida 32314

Re: Docket No. 120188-WU, Application for approval of transfer of Century-Fairfield Village, Ltd. water system and Certificate No. 640-W in Marion County to GCP Fairfield Village, LLC.

Dear Mr. Perko:

Staff has reviewed GCP Fairfield Village, LLC's (Buyer) August 27, 2012 deficiency response, and has determined that the application is still deficient with respect to the purchase price. Please provide the following information to correct the outstanding deficiencies and provide additional information about the application.

Deficiencies

Purchase Price. Rule 25-30.037(2)(g)(1), Florida Administrative Code (F.A.C.), requires a copy of the contract for sale that includes the purchase price, if applicable. In its response, the Utility states, "the Buyer has allocated \$100,000 to the water/sewer facility assets." Please provide the allocation between water and sewer, and all of the Utility's calculations, basis, workpapers, and support documentation for not only the \$100,000 amount, but also how it was allocated between water and wastewater.

In addition, the Utility stated in its application that it does not request an acquisition adjustment. Rule 25-30.0371(3), F.A.C., however, states: "When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price." Based on this rule, staff has calculated a possible negative acquisition adjustment of \$106,300, assuming 50 percent of the purchase price is attributable to the water assets. To arrive at this amount, staff first calculated a net book value (NBV) of \$195,375 by using amounts listed in the 2011 annual report, and imputing CIAC according to Rule 25-30.570, F.A.C. Staff determined 80 percent of NBV to be \$156,300, and subtracted \$50,000 (50 percent of stated purchase price) to arrive at a possible negative acquisition adjustment of \$106,300. This results in a possible rate base of \$89,075, calculated by subtracting the calculated negative acquisition adjustment of \$106,300 from the NBV of \$195,375.

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FPSC-COMMISSION CLERK

Additional Information

Home Owners Associations. Were any Home Owners Associations (HOAs) notified of the sale of the mobile home park? If so, please provide a copy of the affidavit and notice sent pursuant to Florida Statutes Section 723.071. Please refer to page 14, section 7(d), of your Purchase and Sale Agreement.

The **original and four copies** of the response to the information requested in this letter should be filed with the Commission on or before **November 1, 2012**. When filing the response, please be sure to refer to the docket number and to direct the response to:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Should you have any questions concerning the information in this letter, please contact Keino Young at (850) 413-6226 for legal questions, or Monica Brown at (850) 413-6838 for technical questions.

Sincerely,



Bart Fletcher
Public Utilities Supervisor
Bureau of Rate Filings and Surveillance

BF/mb

cc: Division of Accounting & Finance (Maurey, Fletcher, M. Brown)
Division of Engineering (Ballinger, Simpson, Brady, C. Lewis)
Office of Auditing & Performance Analysis (Daniel)
Office of the General Counsel (Young)
Office of Commission Clerk (Docket No. 120188-WU)