

FLORIDA PUBLIC SERVICE COMMISSION

Item 3

VOTE SHEET

FILED 10/3/2023
DOCUMENT NO. 05470-2023
FPSC - COMMISSION CLERK

October 3, 2023

Docket No. 20220064-WS – Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.

Issue 1: Should the Commission grant CSWR-Tymber Creek’s motion to dismiss the objections?

Recommendation: Yes. The objections to the application for transfer of water and wastewater facilities from Tymber Creek to CSWR-Tymber Creek fail to raise any issue relevant to the application. Consequently, staff recommends the Commission grant the Utility’s motion to dismiss and allow the transfer application to proceed.

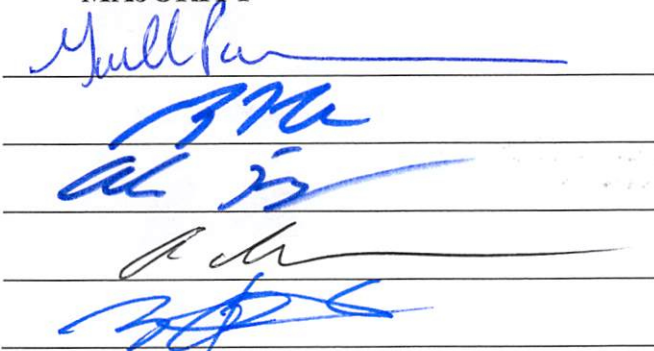
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS: *Oral Modification, assigned DN 05443-2023, is attached.*

Docket No. 20220064-WS – Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.

(Continued from previous page)

Issue 2: Should the transfer of Certificate Nos. 303-W and 252-S in Volusia County from Tymber Creek Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 303-W and 252-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the signed contract for sale and the executed and recorded deed for continued access to the land upon which its facilities are located and copies of its permit transfer applications to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, late payment charges, service availability charges, and initial customer deposits, as shown on Schedule No. 2 of staff's memorandum dated September 21, 2023, should remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. Staff has verified that the Utility is current on the filing of annual reports and regulatory assessment fees (RAFs) through December 31, 2022. The Buyer should be responsible for filing the Utility's annual reports and paying RAFs for all future years.

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Issue 3: What is the appropriate net book value for CSWR-Florida Utility Operating Company, LLC's water and wastewater systems for transfer purposes?

Recommendation: For transfer purposes, the net book value (NBV) of the system is ~~\$71,050~~ ~~\$62,485~~ for water and ~~\$164,949~~ ~~\$131,849~~ for wastewater, as of February 28, 2022. Within 90 days of the date of the Consummating Order, CSWR-Tymber Creek should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2023 Annual Report when filed.

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**AS MODIFIED BY ORAL
MODIFICATION**

Docket No. 20220064-WS – Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.

(Continued from previous page)

Issue 4: Should a positive acquisition adjustment be recognized for ratemaking purposes?

Recommendation: No. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment should not be granted as the Buyer failed to demonstrate extraordinary circumstances.

APPROVED

Issue 5: Should CSWR-Florida Utility Operating Company, LLC’s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. The miscellaneous service charges should be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 6: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff’s verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission’s decision, that the Buyer has submitted the executed and recorded warranty deed and that the Buyer has submitted copies of its applications for permit transfers to the DEP and the SJRWMD, within 60 days of the Commission’s Order approving the transfer.

APPROVED

Hiep Nguyen

From: Asha Maharaj-Lucas
Sent: Friday, September 29, 2023 12:05 PM
To: Braulio Baez; Mark Futrell; Apryl Lynn; Keith Hetrick; Mary Anne Helton; Cindy Muir; Adam Teitzman; Melinda Watts; Marissa Ramos; Sonica Bruce; Shannon Hudson; Wesley Thurmond; Justin Sowards; Mark Cicchetti; Amber Norris; Jennifer Crawford; Major Thompson; Laura King; Commissioners & Staffs; CLK - Agenda Staff
Cc: Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: FW: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Hello:

The Request for Oral Modification to Agenda Item 3, docket no. 20220064-WS, scheduled for October 3, 2023 has been approved.

Thanks
Asha

From: Braulio Baez <BBaez@PSC.STATE.FL.US>
Sent: Friday, September 29, 2023 11:53 AM
To: Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>
Subject: FW: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Approved

B

From: Tom Ballinger <TBallinger@PSC.STATE.FL.US>
Sent: Friday, September 29, 2023 11:42 AM
To: Braulio Baez <BBaez@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>; Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>; Kate Hamrick <KHamrick@psc.state.fl.us>; Keith Hetrick <khetrick@psc.state.fl.us>; Mary Anne Helton <MHelton@PSC.STATE.FL.US>; Laura King <LKing@PSC.STATE.FL.US>; Marissa Ramos <mramos@psc.state.fl.us>; Adam Teitzman <ATEITZMA@psc.state.fl.us>
Subject: FW: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Please see the request for oral modification described below. Let me know if you approve or if you need any additional information.

Tom Ballinger
Director, Division of Engineering
Florida Public Service Commission
(850) 413-6680 (office)
(850) 766-6659 (cell)

From: Andrew Maurey <AMaurey@PSC.STATE.FL.US>
Sent: Friday, September 29, 2023 11:36 AM
To: Tom Ballinger <TBalling@PSC.STATE.FL.US>
Subject: Request for Oral Modification - Item 3 - Docket No. 20220064-WS

Staff requests approval to make an oral modification to Item 3 scheduled for the October 3, 2023 Commission Conference, Docket No. 20220064-WS -- Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.

Subsequent to filing its recommendation, staff became aware of an error in the calculation of accumulated depreciation for both the water and wastewater systems. As a result, modifications to staff's recommendation are necessary to Issue 3 (Net Book Value), Issue 4 (Acquisition Adjustment), and Schedule No. 1.

The modifications requested by staff increase the Net Book Value (NBV) of the water system from \$62,485 to \$71,050 and increase the NBV of the wastewater system from \$131,849 to \$164,949. The text below reflects the type and strike changes to the staff recommendation. With these changes, there are no other impacts to staff's recommendation or calculations.

Issue 3, Page 12, Recommendation Statement

For transfer purposes, the net book value (NBV) of the system is ~~\$62,485~~ **\$71,050** for water and ~~\$131,849~~ **\$164,949** for wastewater, as of February 28, 2022.

Issue 3, Page 12, Accumulated Depreciation

As a result, staff recommends that the accumulated depreciation balance be decreased by ~~\$37,541~~ **\$46,106** for water and ~~\$48,464~~ **\$81,563** for wastewater, as of February 28, 2022. Accordingly, staff recommends total accumulated depreciation balances of ~~\$224,914~~ **\$216,349** for water and ~~\$755,614~~ **\$722,515** for wastewater, as of February 28, 2022.

Issue 3, Page 13, Net Book Value

Based on the adjustments described above, staff recommends a NBV of ~~\$62,485~~ **\$71,050** for water and ~~\$131,849~~ **\$164,949** for wastewater as of February 28, 2022.

Issue 3, Page 13, Conclusion

Based on the above, staff recommends a NBV of ~~\$62,485~~ **\$71,050** for water and ~~\$131,849~~ **\$164,949** for wastewater as of February 28, 2022, for transfer purposes.

Issue 4, Page 14, Staff Analysis

As discussed in Issue 3, staff is recommending a combined NBV for the two systems of ~~\$194,334~~ **\$235,999**. This would result in a positive acquisition adjustment of ~~\$805,666~~ **\$764,001**.

Issue 4, Page 16, Anticipated Cost Efficiencies

However, with a requested acquisition adjustment of ~~\$805,666~~ **\$764,001**, the requested amount is over ~~four~~ **three** times greater than the Utility's current NBV of ~~\$194,334~~ **\$235,999**.

Schedule No. 1, Page 25

<u>Description</u>	<u>Balance Per Utility 2/28/22</u>	<u>Adjustments</u>	<u>Staff 2/28/22</u>
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Utility Plant in Service	\$335,032	(\$48,765)	A	\$286,268
Land & Land Rights	1,131	-		1,131
	(262,455)	46,106 37,541	B	216,349
Accumulated Depreciation				(224,914)
CIAC	(155,893)	2,510	C	(153,383)
Amortization of CIAC	<u>155,893</u>	<u>(2,510)</u>	D	<u>153,383</u>
	<u>\$73,708</u>	<u>(\$2,658)</u>		<u>\$71,050</u>
Total		<u>(\$11,223)</u>		<u>\$62,485</u>

Schedule No. 1, Page 26

<u>Description</u>	<u>Balance Per Utility 2/28/22</u>	<u>Adjustments</u>		<u>Staff 2/28/22</u>
Utility Plant in Service	\$1,037,526	(\$154,586)	A	\$882,940
Land & Land Rights	4,524	-		4,524
	(804,078)	81,563 48,464	B	722,515
Accumulated Depreciation				(755,614)
CIAC	(380,306)	-	C	(380,306)
Amortization of CIAC	<u>380,306</u>	=	D	<u>380,306</u>
	<u>\$237,972</u>	<u>(\$73,023)</u>		<u>\$164,949</u>
Total		<u>(\$106,123)</u>		<u>\$131,849</u>

Schedule No. 1, Page 27

<u>Explanation</u>	<u>Amount</u>
A. UPIS To reflect the appropriate balance.	(\$48,765)
B. Accumulated Depreciation To reflect the appropriate balance.	46,106 37,541
C. CIAC To reflect the appropriate balance.	2,510
D. Accumulated Amortization of CIAC To reflect the appropriate balance.	<u>(2,510)</u>
Total Adjustments to Water Net Book Value as of February 28, 2022	<u>(\$2,658)</u> <u>(\$11,223)</u>

Schedule No. 1, Page 28

Explanation	Amount
A. UPIS To reflect the appropriate balance.	(\$154,586)
B. Accumulated Depreciation To reflect the appropriate balance.	<u>81,563</u> <u>48,464</u>
 Total Adjustments to Wastewater Net Book Value as of February 28, 2022	 <u>(\$73,023)</u> <u>(\$106,123)</u>

Schedule No. 1, Page 29

Account		UPIS	Accumulated	Depreciation
No.	Description			
301	Organization	\$36		(\$33)
304	Structures & Improvements	179		(164) (176)
309	Supply Mains	25,211		(11,801) (12,473)
310	Power Generation Equipment	15,165		(15,098) (15,165)
311	Pumping Equipment	3,742		(373) (439)
331	Transmission and Distribution Mains	179,981		(150,039) (156,222)
333	Services	11,160		(10,853) (11,160)
334	Meters and Meter Installations	22,868		(4,703) (5,685)
335	Hydrants	9,185		(8,220) (8,502)
340	Office Furniture and Equipment	9,325		(9,325) (9,320)
341	Transportation Equipment	7,812		(4,669) (4,668)
345	Power Operated Equipment	373		(373)
348	Other Tangible Plant	<u>1,230</u>		<u>(697)</u>
	Total	<u>\$286,268</u>		<u>(\$216,349)</u> <u>(\$224,914)</u>

Schedule No. 1, Page 30

Account		UPIS	Accumulated	Depreciation
No.	Description			
354	Structures & Improvements	\$157,112		(\$124,123) (\$135,004)
360	Collection Sewers - Force	12,551		(5,859) (4,611)
361	Collection Sewers - Gravity	273,086		(235,170) (273,086)
363	Services to Customers	43,346		(39,822) (43,346)
364	Flow Measuring Devices	31,553		(31,553) (13,980)
370	Receiving Wells	83,227		(11,544) (9,400)
380	Treatment and Disposal Equipment	252,642		(252,642)
382	Outfall Sewer Lines	10,827		(8,478) (10,827)
389	Other Plant and Misc. Equipment	5,725		(3,526) (2,312)

390	Office Furniture and Equipment	6,935	(6,935)
391	Transportation Equipment	2,817	(1,174) (352)
395	Power Operated Equipment	<u>3,120</u>	<u>(1,689)</u> (3,120)
	Total	<u>\$882,940</u>	<u>(\$722,515)</u> (\$755,614)