

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer )  
of Certificates Nos. 423-W and )  
360-S in Martin County from )  
FISHERMAN'S HAVEN, INC. to )  
SOUTHERN STATES UTILITIES, INC. )

DOCKET NO. 881502-WS  
ORDER NO. 21758  
ISSUED: 8-21-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, CHAIRMAN  
THOMAS M. BEARD  
GERALD L. GUNTER  
JOHN T. HERNDON

ORDER APPROVING TRANSFER OF ASSETS  
AND AMENDMENT OF CERTIFICATES

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER SETTING RATE BASE AND MISCELLANEOUS SERVICE CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein setting rate base and miscellaneous service charges is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Southern States Utilities, Inc. (SSUI), became the court appointed receiver of the assets of Fisherman's Haven, Inc. (Fisherman's Haven), a water and sewer utility in Martin

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County, after Fisherman's Haven abandoned its facilities in 1984.

On November 18, 1988, SSUI filed an application requesting the transfer of the assets of Fisherman's Haven to SSUI, and an amendment of SSUI's Certificates Nos. 368-W and 319-S, to reflect the incorporation of Fisherman's Haven's territory into that of SSUI.

#### APPLICATION

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of facilities. In particular, the notarized application contains:

- a) A check in the amount of \$300 which, upon calculation, equates to the correct filing fee as prescribed by Section 367.141, Florida Statutes.
- b) Adequate service territory description pursuant to Rule 25-30.035(i), Florida Administrative Code. Said territory to be served is described as being in Martin County, and more particularly as described in Attachment A.
- c) Proof of notice to all customers of record pursuant to Rule 25-30.030(g), Florida Administrative Code.
- d) Proof of notice to all interested governmental and regulatory agencies, and all utilities within a four-mile radius of the territory to be served, and proof of advertisement in a newspaper of general circulation in the county, as prescribed by Rule 25-30.030, Florida Administrative Code.

No objections to the requested transfer have been received and the time for filing such has expired.

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The applicant states that the requested transfer is in the public interest in that: SSUI has extensive experience and background in the industry and directs its resources towards providing quality water and sewer service to the residents of the State of Florida through its ownership or operation of approximately one hundred twenty-five (125) water and/or sewer systems; and, SSUI's predecessor abandoned the utility in 1984 and SSUI has provided services since that time as the court appointed receiver of the utility.

SSUI has submitted a copy of the recorded deed of the property as evidence that SSUI has purchased the land on which Fisherman's Haven's water and sewer systems are located.

Upon due consideration, we find that SSUI has the financial and technical ability to continue providing quality water and sewer service to its customers, and further, that the transfer of the assets and the amendment of SSUI's Certificates Nos. 368-W and 319-S is in the public interest, therefore SSUI's application is hereby approved. Further, SSUI is hereby directed to return Fisherman's Haven's Certificates Nos. 423-W and 360-S to this Commission in the event that they are located.

#### RATE BASE

In processing SSUI's application, we used the test year ended date of December 31, 1987 for establishing a transfer rate base for Fisherman's Haven. However, our review of SSUI's calculations, submitted for the same purpose, disclosed that SSUI had erroneously calculated the accumulated depreciation and amortization of CIAC portions of the rate base, in that it used a test year ended date of December 31, 1986, which had been derived in a previous unrelated proceeding. Consequently, we adjusted Fisherman's Haven's accumulated depreciation accounts for \$430 and \$806 for water and sewer, respectively, to properly reflect the balances in these accounts as of December 31, 1987.

SSUI also failed to include in the filing the amount of pre-1987 accumulated depreciation on SSUI's general plant allocated to Fisherman's Haven as of January 1, 1987, and booked as of October 31, 1988, for office furniture, transportation equipment and lab equipment. This results in an increase to accumulated depreciation of \$373 and \$294 for water and sewer, respectively.



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Further, SSUI failed to keep Fisherman's Haven's depreciation records on a monthly basis. This resulted in inaccurate accumulated depreciation additions and an inaccurate composite rate of amortization for CIAC for 1987. A restatement in compliance with NARUC necessitates an adjustment of accumulated depreciation of \$212 and \$175 for water and sewer, respectively. The adjustment for Accumulated Amortization of CIAC for the water system is \$796 and \$1,045 for the wastewater system.

Additionally, SSUI failed to include one (1) plant subaccount in its filing which resulted in sewer plant being understated by \$7,181. This was included in the general ledger and accumulated depreciation calculations with supporting documentation, but was excluded from the filed sewer plant balance reflected in SSUI's filing.

In consideration of the above, we find that SSUI's rate base for the purposes of transfer shall be set at \$7,136 for water and \$34,235 for sewer. These rate base calculations do not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments. The rate base calculations have been used purely to establish the book value of the property being transferred.

#### ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the utility's rate base on the date of transfer. In the absence of extraordinary circumstances, it is Commission policy that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange were not extraordinary or unusual, nor has SSUI requested that an acquisition adjustment be included in rate base. Therefore, we find that no positive acquisition adjustment shall be included in SSUI's rate base.

#### RATES AND SERVICE AVAILABILITY CHARGES

Rule 25-9.044(1), Florida Administrative Code, provides in pertinent part:

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In cases of change of ownership or control of a utility which places the operation under a different or new utility . . . the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless otherwise authorized by the Commission). . .

Our evaluation of the present transfer and amendment application provides no basis for variation from the above-cited rule. Further, SSUI did not request a change in the present rates and service availability charges. Accordingly, we find that SSUI shall continue to charge the rates and service availability charges previously approved by the Commission for Fisherman's Haven. SSUI is hereby directed to file an original tariff incorporating Fisherman's Haven's above-referenced rates and service availability charges within thirty (30) days of the date of this Order.

#### MISCELLANEOUS SERVICE CHARGES

Utilities are encouraged to establish certain miscellaneous service charges so that the costs of providing these services will be borne by the customers receiving such services.

These miscellaneous service charges include a charge by the utility for the initial connection of the customer to the utility's facilities; a normal reconnection charge; a violation reconnection charge; and a charge for a visit to the customer's premises by a utility employee.

The present tariff on file with the Commission reflects that Fisherman's Haven is only authorized to assess a violation reconnection charge to the utility's customer as a miscellaneous service charge. However, SSUI's application is requesting our approval for SSUI to charge its miscellaneous service charges, which became effective on October 2, 1987 (Order No. 18137), to the customers of Fisherman's Haven. SSUI's approved miscellaneous service charges are as follows:

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<u>Description</u>	<u>Charge During Regular Working Hours</u>	<u>Charge After Regular Working Hours</u>
Initial Connection	\$10.00	\$15.00
Normal Reconnection	10.00	15.00
Violation Reconnection	10.00	15.00
Premises Visit Charge	5.00	N/A

Upon due consideration, we find SSUI's request to charge the above miscellaneous service charges to the customers within Fisherman's Haven's service area to be reasonable and is hereby approved.

In consideration of the above, it is, therefore,

ORDERED by the Florida Public Service Commission that the application for the transfer of the assets of Fisherman's Haven, Inc. c/o Southern States Utilities, Inc., 1000 Color Place, Apoka, Florida 32703 to Southern States Utilities, Inc., 1000 Color Place, Apoka, Florida 32703 is hereby approved. It is further

ORDERED that Certificates Nos. 368-W and 319-S are hereby amended to incorporate the service area described on Attachment A hereto. It is further

ORDERED that Certificates Nos. 423-W and 360-S, previously assigned to Fisherman's Haven, Inc. are hereby cancelled, and should be returned to this Commission. It is further

ORDERED that the rate bases, for the purpose of this transfer, are \$7,136 for water and \$34,235 for sewer. It is further

ORDERED that Southern States Utilities, Inc. shall adopt and use the rates and service availability charges previously approved for Fisherman's Haven, Inc. as shown in the body of this Order. It is further

ORDERED that Southern States Utilities, Inc. shall within thirty (30) days of the date of this Order, file with the Commission an original tariff incorporating the rates and service availability charges previously approved for

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Fisherman's Haven, Inc. It is further

ORDERED that Southern States Utilities, Inc. is hereby authorized to charge its previously approved Miscellaneous Service Charges to the customers of Fisherman's Haven as shown in the body of this Order. It is further

ORDERED that the portion of this Order establishing a rate base and miscellaneous service charges for Southern States Utilities, Inc., is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding in the form provided by Rule 25-22.036, Florida Administrative code, with the Director, Division of Records and Reporting, 101 East Gaines Street, Fletcher Building, Tallahassee, Florida 32399-0870, by the close of business on September 11, 1989. It is further

ORDERED that if no timely petition is filed objecting to the proposed agency action provisions of this Order, Docket No. 881502-WS shall be closed.

By ORDER of the Florida Public Service Commission  
this 21st day of AUGUST, 1989.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

JRF

by: Kay Flynn  
Chief, Bureau of Records



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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

As identified in the body of this order, our action setting rate base and miscellaneous service charges is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on September 11, 1989. In the absence of such a petition, this order shall become effective September 12, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on September 12, 1989, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer 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 of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal



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must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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 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 or sewer 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"

DESCRIPTION FOR  
FISHERMAN'S HAVEN SUBDIVISION

Township 37 South, Range 41 East

Section 27

The South 1/2 of the North 1/2 and the North 1/4 of the South 1/2 of the Southeast 1/4 of the Northeast 1/4 of said Section 27.

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ATTACHMENT "B"  
 SCHEDULE 1

Southern States Utilities, Inc.  
 Fisherman's Haven, Inc.  
 SCHEDULE OF WATER RATE BASE  
 June 12, 1989

Description	Balance Per Filing	Staff Adjustments	Balance Per Staff
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Utility Plant in Service	43,894	0	43,894
Land	208	0	208
Accumulated Depreciation	(12,633)	(1,015)	(13,648)
CIAC	(35,272)	0	(35,272)
CIAC Amortization	11,158	796	11,954
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TOTAL	7,355	(219)	7,136
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ATTACHMENT "C"  
SCHEDULE 2

Southern States Utilities, Inc.  
Fisherman's Haven, Inc.  
SCHEDULE OF SEWER RATE BASE  
June 12, 1989

Description	Balance Per Filing	Staff Adjustments	Balance Per Staff
Utility Plant in Service	79,089	7,181	86,270
Land	952	0	952
Accumulated Depreciation	(21,978)	(1,275)	(23,253)
CIAC	(45,740)	0	(45,740)
CIAC Amortization	14,961	1,045	16,006
TOTAL	27,284	6,951	34,235

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ATTACHMENT "D"  
 SCHEDULE 3

Southern States Utilities, Inc.  
 Fisherman's Haven, Inc.  
 SCHEDULE OF ADJUSTMENTS TO RATE BASE  
 June 12, 1989

	<u>Water</u>	Adjustment	<u>Sewer</u>
1) Utility Plant in Service			
To reflect the inclusion of plant that the utility failed to include in its filing			\$7,181 =====
2) Accumulated Depreciation			
To reflect the removal of 13 month averages that were included in the utility's filing	\$ 430		\$ 806
To reflect calculation of accumulated depreciation on a monthly basis	\$ 212		\$ 175
To reflect pre-1987 accumulated depreciation on general plant allocated to the utility	\$ 373 -----		\$ 294 ----
	\$1,015 =====		\$1,275 =====