

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of North Peninsula ) DOCKET NO. 891016-SU  
Utilities Corporation for transfer of )  
Certificate No. 249-S from Shore Utility) ORDER NO. 22345  
Corporation in Volusia County. )  
ISSUED: 12-27-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
THOMAS M. BEARD  
BETTY EASLEY  
GERALD L. GUNTER  
JOHN T. HERNDON

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION  
ORDER ESTABLISHING RATE BASE FOR  
PURPOSES OF THIS TRANSFER

BY THE COMMISSION:

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

Background

On August 4, 1989, North Peninsula Utilities Corporation (North Peninsula or Utility) filed an application with this Commission for the transfer of Certificate No. 249-S from Shore Utility Corporation (Shore). The closing of the purchase occurred on September 1, 1989.

Application

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

DOCUMENT NUMBER-DATE

12284 DEC 27 1989

FPSC-RECORDS/REPORTING

- a. A check in the amount of \$900 which, upon calculation, equates to the correct filing fee as prescribed by Section 367.141, Florida Statutes.
- b. An adequate service territory description pursuant to Rule 25-30.035(i), Florida Administrative Code. The territory description is appended to this Order as Attachment A.
- c. An affidavit stating that notice of the application has been furnished to all customers of record pursuant to Rule 25-30.030, 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.
- e. Evidence that the Utility owns the land in which the Utility's facilities are located, as required by Rule 25-30.035(3)(f), Florida Administrative Code.

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

Shore currently provides sewer service to approximately 200 customers in Volusia County. The Department of Environmental Regulation (DER) has no outstanding notices of violation regarding this system. North Peninsula is financing the purchase through a loan with SouthTrust Bank of Volusia County and, therefore, appears to have the financial ability to operate the system. North Peninsula has contracted with Wetherell Treatment Systems, Inc. to operate and maintain the treatment plant in accordance with DER requirements.

Based on the foregoing, we find that it is in the public interest to approve the transfer of Certificate No. 249-S from Shore Utility Corporation to North Peninsula Utilities Corporation.

Rate Base

An audit of Shore's books and records was conducted to determine rate base at the time of transfer. According to the audit, there have been no plant additions or retirements since rate base was established in Shore's last rate case (Docket No. 851021-SU, Order No. 16184 issued June 4, 1986).

We have made several adjustments to the rate base set by Order No. 16184. Plant has been adjusted to reflect a year-end balance rather than a 13-month average. Accumulated depreciation has been adjusted to reflect a year-end balance and updated using the 3.79% composite rate approved in Commission Order No. 16184. Contributions-in-aid-of-construction (CIAC) and Amorization of CIAC have been adjusted to reflect a year-end balance and updated to the time of transfer.

Order No. 16184 did not include land in rate base because Shore leased 3.12 acres from Ormond Properties, Inc., its parent company, for the plant site. Therefore, lease payments were included in operation and maintenance expenses. The allowed lease payment in the rate case was based on the value of land of \$15,000 per acre, which was determined to be a reasonable valuation when the land was first dedicated to utility service in 1977.

In this transfer, the plant site and the facilities are being purchased by North Peninsula. The land is being purchased from Ormond Properties, Inc. and the facilities from Shore. Therefore, we find it appropriate to include the cost of land in rate base. Since North Peninsula has been unable to furnish documentation of the value of land, we are using the valuation previously utilized in Order No. 16184. Accordingly, rate base has been adjusted to include the treatment plant site at a value of \$46,800 ( $\$15,000 \times 3.12$  acres).

Based on the adjustments, rate base is found to be \$125,141, as of August 30, 1989. Our calculation of rate base (net book value) is shown on Schedule No. 1, with adjustments shown on Schedule No. 2. These schedules are attached to this Order and by reference incorporated herein. The rate base calculation is used solely to establish the book value of the property being transferred and does not include the normal ratemaking

adjustments of working capital calculations and used and useful adjustments.

#### Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the original cost calculation. The circumstances in this transfer do not appear to be extraordinary, nor has North Peninsula requested an acquisition adjustment. In the absence of extraordinary circumstances, it has been Commission policy that the subsequent purchase of a utility at a premium or discount should not affect the rate base calculation. Therefore, an acquisition adjustment has not been included in rate base.

#### Rates and Charges

Shore currently has a flat monthly rate of \$20.92 for sewer service. Shore also charges a \$30.00 customer deposit. Prior to the last rate case, Shore charged a \$300 plant capacity charge. Order No. 16184 eliminated this charge because its continued collection would have resulted in a contribution level at buildout in excess of the 75% maximum level established by Rule 25-30.580, Florida Administrative Code. Shore's approved service availability policy requires the developer to install and contribute the wastewater collection system located on the developer's property.

Pursuant to Rule 25-9.044(1), Florida Administrative Code, the new owner must adopt and use the rates, classification and regulations of the former owner unless authorized to change by the Commission. North Peninsula has not requested a change in the rates and charges and we see no reason to change them at this time. Therefore, North Peninsula is directed to continue charging the rates and charges currently approved for Shore. North Peninsula is directed to file a tariff reflecting the change in ownership within 30 days of the date of this Order.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer from Shore Utility Corporation, 16 East 40th Street, New York, New York 10016, to North Peninsula Utilities

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Corporation, Post Office Box 2803, Ormond Beach, Florida 32075, is hereby approved. It is further

ORDERED that rate base, for purposes of this transfer, is \$125,141. It is further

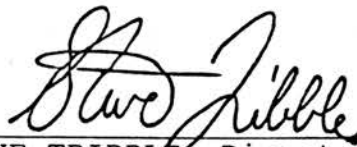
ORDERED Shore Utility Corporation shall return Certificate No. 249-S to this Commission within 30 days of the date of this Order so that an appropriate entry reflecting the transfer may be made. It is further

ORDERED that North Peninsula Utilities Corporation shall continue to charge the rates and charges previously approved for customers of Shore Utility Corporation, as set forth in the body of this Order and shall file appropriate tariff sheets reflecting the action taken herein. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition in the form provided by Rule 25-22.36, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event that this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission,  
this 27th day of December, 1989.



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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ALC

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 establishing rate base 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 January 17, 1990. In the absence of such a petition, this order shall become effective on the date subsequent to the above date 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 the date described above, 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,

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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.

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.

ATTACHMENT A

North peninsula Utilities Corporation

Service Territory Description

Township 13 South, Range 32 East, Volusia County, Florida

Section 16

From a concrete monument at the Northwest corner of Section 16, Township 13 South, Range 32 East; thence South 1 degree 45 minutes 30 seconds East along the West line of said Section 16, 654.16 feet to a point on the Southerly line of Ormond Beach Plaza subdivision, as recorded in Map Book 25, page 16 of the Public Records of Volusia County, Florida; thence North 88 degrees 28 minutes 45 seconds East along said Southerly line of Ormond Beach Plaza subdivision, 109.63 feet to a point on the East line of John Anderson Highway, a 50-foot wide county road, said point being the POINT OF BEGINNING of this description; thence South 18 degrees 56 minutes 55 seconds East along said East line of John Anderson Highway 446.79 feet; thence continuing along said East line of John Anderson Highway South 22 degrees 51 minutes 34 seconds East, 1126.48 feet to the intersection with the North line of the Southerly 525.00 feet (as measured along the West line of A-1-A, an 80-foot wide state road) of the aforementioned U.S. Lot 2; thence North 88 degrees 01 minutes 15 seconds East along said North line of the Southerly 525.00 feet of U.S. Lot 2, 1510.14 feet to a point on the aforesaid West line of A-1-A; thence North 22 degrees 06 minutes 31 seconds West along said West line of A-1-A, 1563.30 feet to a point on the Southerly line of the aforementioned Ormond Beach Plaza subdivision; thence South 88 degrees 28 minutes 45 seconds West along said Southerly line of Ormond Beach Plaza subdivision, 1504.09 feet to the POINT OF BEGINNING of this description.



Township 13 South, Range 32 East

Section 16

PARCEL 1:

The Southerly 500 feet of the Northerly 750 feet of Government Lot 4 in said Section 16, subject to the rights-of-way of Ocean Shore Boulevard and John Anderson Drive.

PARCEL 2:

The Southerly 250 feet of the Northerly 1000 feet of Government Lot 4 in said Section 16, subject to the rights-of-way of Ocean Shore Boulevard and John Anderson Drive.

PARCEL 3:

The Southerly 320 feet lying east of John Anderson Drive of Government Lot 4 in said Section 16, subject to the right-of-way of Ocean Shore Boulevard.

PARCEL 4:

The Southerly 525 feet, as measured along the West right-of-way line of State Road A-1-A, of Government Lot 2, in said Section 16, being more particularly described as follows:

From a concrete monument at the Northwest corner of Section 16, Township 13 South, Range 32 East; thence South 01 degrees 45 minutes 30 seconds East along the West line of said Section 16, a distance of 654 feet to a point on the North line of the South one-half of Government Lot 1 of said Section 16, thence North 88 degrees 28 minutes 45 seconds East along said North line, a distance of 109.63 feet; thence South 18 degrees 56 minutes 55 seconds East, a distance of 446.79 feet; thence South 22 degrees 51 minutes 34 seconds East a distance of 1126.48 feet to the interesection with the North line of the Southerly 525 feet (as measured along the West line of A-1-A, an 80 foot wide State Road) of the aforementioned Government Lot 2, said intersection being on the East line of John Anderson Highway (a 50 foot wide County Road) and the POINT OF BEGINNING of this description; thence North 88 degrees 01

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minutes 15 seconds East along said North line a distance of 1510.14 feet to the West line of said State Road A-1-A; thence continuing North 88 degrees 01 minutes 15 seconds East to the shore of the Atlantic Ocean; thence Southerly along the shore of the Atlantic Ocean to the intersection with the South line of the aforesaid Government Lot 2; thence South 88 degrees 01 minutes 15 seconds West along said South line to the West line of State Road A-1-A; thence continuing South 88 degrees 01 minutes 15 seconds West a distance of 1562.86 feet to a point on the East line of the aforesaid John Anderson Highway; thence continuing South 88 degrees 01 minutes 15 seconds West to the East bank of the Halifax River; thence Northerly along said East bank to the intersection with the aforesaid North line of the Southerly 525 feet of Government Lot 2; thence North 88 degrees 01 minutes 15 seconds East to the East line of John Anderson Highway, and the POINT OF BEGINNING of this description, subject to the rights-of-way of State Road A-1-A (Ocean Shore Boulevard), John Anderson Highway, and the Intracoastal Waterway.

SCHEDULE NO. 1

NORTH PENINSULA UTILITIES CORPORATION

SCHEDULE OF RATE BASE  
AS OF AUGUST 30, 1989

<u>DESCRIPTION</u>	<u>BALANCE PER</u> <u>ORDER 16184</u>	<u>STAFF</u> <u>ADJUSTMENTS</u>	<u>BALANCE PER</u> <u>STAFF</u>
Utility Plant in Service	\$524,287	\$ 120 (1)	\$524,407
Land	0	46,800 (2)	46,800
Accumulated Depreciation	(50,589)	(101,868) (3)	(152,457)
Contributions-in-aid-of-Construction	(417,894)	(1,350) (4)	(419,244)
CIAC Amortization	<u>44,209</u>	<u>81,426</u> (5)	<u>125,635</u>
TOTAL	<u>\$ 100,013</u>	<u>\$25,128</u>	<u>\$125,141</u>

NORTH PENINSULA UTILITIES CORPORATION

RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
1) To adjust plant to reflect year-end instead of 13-Month Average.	<u>\$ 120</u>
2) To reflect cost of land at its original value.	<u>\$ 46,800</u>
3) To adjust accumulated depreciation to reflect year-end instead of 13-Month Average.	\$ 9,093
To reflect accumulated depreciation to date using 3.79% composite rate approved per Commission Order No. 16184.	<u>92,775</u>
	<u>\$101,858</u>
4) To adjust plant to reflect year-end instead of 13-Month Average	\$ (750)
To reflect CIAC to date	<u>(600)</u>
	<u>\$ (1,350)</u>
5) To adjust CIAC Amortization to reflect year-end instead of 13-Month Average	\$ 7,245
To reflect CIAC Amortization to date using 3.79% composite rate per Commission Order 16184	<u>74,181</u>
	<u>\$ 81,426</u>
TOTAL ADJUSTMENTS:	<u>\$ 25,128</u>