

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for the transfer)	DOCKET NO. 891318-WU
of assets from Samira Villas to)	
Southern States Utilities, Inc. and)	ORDER NO. 22968
amendment of Certificate No. 373-W in)	
Marion County.)	ISSUED: 5-22-90
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATE BASE FOR PURPOSES OF
THIS TRANSFER AND SETTING RATES AND CHARGES

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 and setting of rates and charges, which are preliminary in nature and 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 November 20, 1989, Southern States Utilities, Inc. (SSUI) filed an application with this Commission for the transfer of Samira Villas (Samira or Utility) and amendment of Certificate No. 373-W to include the territory served by Samira. Samira provides water service to one commercial customer and to one occupant of a quadraplex home in Marion County. The system was built in 1983 and is designed to serve 13 equivalent residential connections (ERCs) at build-out.

SSUI purchased Samira in October of 1987 but did not file a transfer application. When SSUI purchased Samira in 1987, it became necessary for SSUI to apply for a transfer because the system became part of an interrelated group of systems operated in Marion County by SSUI. On September 18, 1989, SSUI was

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advised that it would have to file an application within 90 days. On November 20, 1989, SSUI filed an application with the Commission. By correspondence dated December 15, 1989, SSUI was asked to explain why it did not file sooner to include Samira system in its certificated territory. In its response dated January 26, 1990, SSUI stated that:

Initially, the application to include the Samira Villas system in Southern States Utilities' certificated territory was not filed based on the lack of necessary information required for the application from the seller. Due to the very limited number of customers involved with this system (one customer at the time of purchase and two presently) and its exempt status prior to transfer to Southern States Utilities, the utility did not spend the time and resources required to obtain all of the information necessary to process the application. Therefore, the application was not completed until recently, when a review of the status of certificate transfers brought it to the attention of Southern States' management that this system as well as a number of other very small systems had not been properly transferred to Southern States Utilities by the Florida Public Service Commission. We are now attempting to correct any previous deficiencies in not filing proper certificate transfer applications with the Commission, and we expect to file all future transfer applications as required by the Commission rules.

A show cause proceeding is normally the last resort, initiated only after the utility has been made aware of the violation, given an opportunity to comply or explain its position, and not responded. We will not institute show cause proceedings since SSUI filed its application within one month of being notified that an application was necessary. Further, no harm has been found to have occurred to any party affected by the transfer.

Although SSUI began operating the Samira system in March, 1987, it did not begin charging the customers of Samira until December, 1987. SSUI charged rates which were consistent with those approved by the Commission for the other water systems it owned in Marion County.

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Application

Except as discussed previously, the application is in compliance with Section 367.071, Florida Statutes, and other statutes and administrative rules concerning an application for transfer. In particular, the notarized application contains:

- 1) A filing fee in the amount of \$150.00, as prescribed by Rule 25-30.020, Florida Administrative Code.
- 2) Proof of notice of application to all interested governmental and regulatory agencies and all utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in the county, as prescribed by Rule 25-30.030, Florida Administrative Code.
- 3) Proof of notice to all customers of record pursuant to Rule 25-30.030(g), Florida Administrative Code.
- 4) Evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.035(f), Florida Administrative Code.

No objections to the notice of application have been received and the time for filing such has expired. A description of the territory to be transferred is appended to this Order as Attachment A.

On February 12, 1990, Commission Staff conducted a plant inspection and found that the plant was operating satisfactorily. According to the Department of Environmental Regulation (DER) and the Marion County Health Department, Samira has no outstanding violations.

Since the previous owner no longer desires to be in the utility business and because SSUI has extensive experience and the financial resources to provide the customers of Samira with quality service, we find that the transfer is in the public interest. It is, therefore, approved. SSUI is directed to return Certificate No. 373-W to this Commission within 30 days of the date of this Order so that it can be amended to include the territory described in Attachment A of this Order.

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Rate Base

An audit of the books and records of the Utility has been conducted to determine rate base (net book value) at the time of transfer. The Utility was able to provide documentation to substantiate the original cost of most of the system. We made an original cost study for two plant items for which the utility failed to provide support. Utility plant-in-service is found to be \$7,226.

The original owner of the utility purchased 4.58 acres of land for Samira Development, for \$91,454. A portion of one of the acres was dedicated for utility use. Each acre measures 43,560 square feet. Therefore, 4.58 times 43,560 square feet equals \$.46 cost per square foot. The portion of the land dedicated for utility use is 1400 square feet; therefore, the value of the land is \$644.

Accumulated depreciation is calculated to be \$740. Since the plant was constructed in 1983, we calculated depreciation from 1984 to 1987 using Commission approved rates in accordance with Rule 25-30.140, Florida Administrative Code.

All of the utility assets and land were charged to development and acquisition costs on Samira's books and the previous owner's income tax return. The value of utility plant and land has been classified as contributed since they were expensed as development costs for tax purposes and the benefit of cost recovery has already been received. Therefore, CIAC is \$7,870.

CIAC amortization, in the amount of \$740, has been calculated by applying the same rates used for accumulated depreciation.

Since the utility assets have been expensed, rate base for the Samira system is established as \$0, as of March 2, 1987, the date of transfer. Our calculation of rate base is shown on Schedule No. 1, with adjustments shown on Schedule No. 2.

The rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

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Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the rate base calculation. It is Commission policy that in the absence of extraordinary circumstances a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. SSUI has not requested an acquisition adjustment nor do the circumstances in this exchange appear to be extraordinary. Therefore, an acquisition adjustment is not included in the calculation of rate base.

Rates

Although the utility was built in 1983, no customers were connected to the system when SSUI purchased it in March, 1987. Currently, there are only two customers connected to the system. The previous owner did not charge for water service or collect customer deposits. By comparing the rates and operating costs of similar systems it owns in Marion County, SSUI designed and began charging the customers of Samira the following rates on a bi-monthly basis:

Water Residential and General Service Rates

<u>Meter Size</u>	<u>Rate</u>
5/8" X 3/4"	\$ 9.28
3/4"	13.90
1"	23.18
1 1/2"	46.36
2"	74.10
3"	148.26
4"	231.62
6"	463.28

Gallonage Charge: \$1.03 per 1,000 gallons used.

These rates are reasonable and consistent with the rates approved by the Commission for the other water systems SSUI owns in Marion County. They are, therefore, approved.

SSUI has requested that it be allowed to collect a \$60.00 customer deposit. The \$60.00 deposit will approximately cover

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a customer's bill at 10,000 gallons per month for two billing periods, which is consistent with Rule 25-30.311(7), Florida Administrative Code. This will be administratively approved by the Commission Staff when tariffs are filed.

Service Availability and Miscellaneous Service Charges

The previous owner of Samira did not collect service availability charges or miscellaneous service charges. SSUI has requested that it be allowed to charge its uniform service availability and miscellaneous service charges. These charges are as follows:

Service Availability Charges

Meter Installation Fees

5/8 X 3/4"	\$ 75.00
3/4"	85.00
1"	100.00
1 1/2"	175.00
2" and above	Actual Cost

Tap Fees

Water

Short Service	\$150.00
Long Service	175.00
Long Service Paved	200.00

Miscellaneous Service Charges

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

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SSUI filed evidence that it has completed the proper newspaper noticing of these proposed charges and has provided notice to individuals of record who have requested information relating to the charges. Since the service availability charges and miscellaneous service charges requested by SSUI are reasonable and consistent with the charges approved by the Commission for the other water systems SSUI owns in Marion County, they are approved. These charges shall be effective for services provided or connections made on or after the stamped approval date of the tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of assets from Samira Villas, 5644 S.W. 6th Place, Ocala, Florida 32674, to Southern States Utilities, Inc., 1000 Color Place, Apopka, Florida 32703, is hereby approved. It is further

ORDERED that Certificate No. 373-W, held by Southern States Utilities, Inc., is hereby amended to include the territory shown on Attachment A of this Order. Southern States Utilities, Inc. shall return Certificate 373-W to this Commission within 30 days of the date of this Order for appropriate entry. It is further

ORDERED that rate base, for the purpose of this transfer, is \$0. It is further

ORDERED that Southern States Utilities, Inc. shall charge the rates set forth in the body of this Order. It is further

ORDERED that Southern States Utilities, Inc.'s request to charge its uniform service availability charges and miscellaneous charges, as set forth in the body of this Order, is hereby approved. It is further

ORDERED that Southern States Utilities, Inc. shall submit tariff sheets incorporating the Samira system into its tariff and reflecting the rates and charges approved herein within 30 days of the date of this Order. It is further

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ORDERED that the rates approved herein shall be effective for meter readings on or after 30 days from the stamped approval date of the tariff sheets. It is further

ORDERED that the uniform service availability charges and customer deposits set forth herein shall be effective for connections made on or after the stamped approval date of the tariff sheets. It is further

ORDERED that the miscellaneous service charges set forth herein shall be effective for service rendered on or after the stamped approval date of the tariff sheets. 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 22nd day of MAY, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC

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 establishing rate base for the purposes of this transfer and setting rates and 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 June 12, 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

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of the effective date 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.

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

SOUTHERN STATES UTILITIES, INC.
MARION COUNTY
DESCRIPTION FOR SAMIRA VILLAS

Township 16 South, Range 20 East

In Sections 24 and 25

Commence at the intersection of the South boundary of Section 24, Township 16 South, Range 20 East, and the southerly right of way of County Road 200 (100' right of way); thence N 41°34'12" E, along said southerly right of way, 467.96'; thence S 48°25'48"E, 250.00' thence S 41°34'12" W, 53.00' to the Point of Beginning; thence continue S 41°34'12" W, 247.00'; thence S 48°25'48" E, 250.00' to the northerly right of way of SW 84th Avenue Road (Sweepstakes Drive); thence N 41°34'12" E along said right of way 167.79' to the point of curvature of a curve concaved southeasterly and having as its elements a central angle of 12°46'48" and a radius of 500.00'; thence along said curve an arc distance of 111.53'; thence N 54°21'00" E, 236.59' to the point of curvature of a curve concaved southwesterly and having as its elements a central angle of 105°32'00" and a radius of 25.00'; thence along said curve an arc distance of 46.05' to the intersection of the southerly right of way of SW 100th Street (Kingsland Country Drive); thence N 51°11'20" W along said right of way, 135.25'; thence S 54°21'00"W, 246.44' to the point of curvature of a curve concaved northwesterly and having as its elements a central angle of 77°13'12" and a radius of 10.00'; thence along said curve an arc distance of 54.98'; thence N 48°25'48" W, 52.86' to the point of curvature of a curve concaved southerly and having as its elements a central angle of 90°00'00" and a radius of 35.00'; thence along said curve an arc distance of 13.48' to the Point of Beginning, containing 2.50 acres more or less.

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Schedule No. 1

SAMIRA VILLAS
 SCHEDULE OF RATE BASE
 AS OF MARCH 2, 1987

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMM ADJUSTMENTS</u>		<u>BALANCE PER COMM</u>
Utility Plant in Service	\$6,683	\$ 543.	(1)	\$ 7,226
Land	0	644	(2)	644
Accumulated Depreciation	(170)	(570)	(3)	(740)
Contribution-in-aid- of-Construction	(510)	(7,360)	(4)	(7,870)
CIAC Amortization	<u>10</u>	<u>730</u>	(5)	<u>740</u>
TOTAL	<u>\$6,013</u>	<u>(6,013)</u>		<u>\$ 0</u>

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Schedule No. 2

SAMIRA VILLAS
RATE BASE ADJUSTMENTS

<u>Explanation</u>	<u>Adjustment</u>
<u>Utility Plant-in-Service</u>	
1) To adjust plant to reflect audit and original cost study.	\$ <u>543</u>
<u>Land</u>	
2) To reflect a value for utility land	\$ <u>644</u>
<u>Accumulated Depreciation</u>	
3) To reflect depreciation associated with plant balances established by the audit and the original cost study. Rates calculated per Rule 25-30.140, Florida Administrative Code.	\$ <u>(570)</u>
<u>Contributions-in-aid-of-Construction</u>	
4) To show plant and land as contributed since these items were expensed by the seller.	\$ <u>(7,360)</u>
<u>CIAC Amortization</u>	
5) To reflect amortization associated with CIAC. Rates calculated per Rule 25-30.140, Florida Administrative Code.	\$ <u>730</u>