

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of ) DOCKET NO. 900527-WS  
Certificates Nos. 525-W and 454-S from )  
Century Group, Inc. to Crystal Lake ) ORDER NO. 23974  
Community, Limited Partnership, Diamond )  
Valley Associates, Ltd., Friendly Village ) ISSUED: 1-9-91  
Lancaster Associates, Ltd. d/b/a Crystal )  
Lake Club in Highlands County. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
THOMAS M. BEARD  
BETTY EASLEY  
GERALD L. GUNTER  
FRANK S. MESSERSMITH

ORDER APPROVING TRANSFER AND CONTINUATION  
OF EXISTING RATES AND CHARGES

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 June 4, 1990, an application was filed with this Commission for approval of the transfer of Certificates Nos. 525-W and 454-S from Century Group, Inc. (Century) to Crystal Lake Community, Limited Partnership, Diamond Valley Associates, Ltd., Friendly Village Lancaster Associates, Ltd., d/b/a Crystal Lake Club (Crystal Lake). Crystal Lake purchased the mobile home park, along with the water and sewer facilities, on August 22, 1989.

DOCUMENT NUMBER-DATE

00258 JAN-9 1991

PSC-RECORDS/REPORTING

At the time of the purchase, only the initial phase of the park was constructed. As part of the sales contract, Century agreed to construct the additional infrastructure to complete the park and water and sewer systems to serve 599 homes. All construction is now complete; the water plant is on line, and water and sewer lines are in place for the entire development.

As part of the sales agreement and in recognition of the need to have Commission approval for the transfer of the system, the parties executed a lease agreement. Pursuant to the agreement, Century leased back the plant sites and remained responsible for the operation and the regulatory obligations of the system. The lease terminates upon approval of the transfer. Since the lease recognizes the need for Commission approval of the transfer and holds Century responsible for the system pending such approval, we do not find it appropriate to penalize Century for closing on the transfer prior to our approval.

#### Application

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

- 1) A filing fee in the amount of \$300, as prescribed by Rule 25-30.020, Florida Administrative Code.
- 2) Proof of notice to governmental and regulatory agencies and utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper in Highlands County, as prescribed by Rule 25-30.030, Florida Administrative Code.
- 3) Proof of notice to customers, pursuant to Rule 25-30.030 (g), Florida Administrative Code.
- 4) Evidence that the utility owns the land upon which its facilities are located as required by Rule 25-30.030 (2)(g), Florida Administrative Code.

No objections to the application have been received and the time for filing such has expired. The territory being transferred is described in Attachment A of this Order.

Crystal Lake is a limited partnership, consisting of three partnerships created by Clayton, Williams and Sherwood (CWS). CWS

is an investment management company which proposes to operate the mobile home park and the water and sewer system. CWS currently operates several other mobile home parks; one of the parks, Alafaya Palm Valley Associates, Ltd., is regulated by this Commission. Therefore, CWS is experienced in the operation of utilities and is familiar with regulatory requirements.

Besides the financial backing of the partnerships for operation of the system, CWS has income from the utility, and revenues from leases, a restaurant and the golf course. The Department of Environmental Regulation has no outstanding notices of violation.

Crystal Lake has the technical and financial ability to own and operate the utility, as well as a vested interest in the utility's satisfactory operation because of its interest in the mobile home park. Therefore, we find the transfer of Certificates Nos. 525-W and 454-S from Century Group, Inc. to Crystal Lake Community, Limited Partnership, Diamond Valley Associates, Ltd, Friendly Village Lancaster Associates, Ltd. d/b/a Crystal Lake Club, is in the public interest and it is approved. Crystal Lake is directed to submit Certificates Nos. 525-W and 454-S to the Commission within 30 days of the date of this Order for entry reflecting the transfer.

#### Rate Base

An audit of the utility's books and records has been conducted to determine rate base (net book value) at the time of the transfer. An audit was conducted in Docket No. 881002-WS, which granted Century original certificates to operate the utility; however, rate base was not established in that docket.

Century did not maintain separate books for the utility. Therefore, its records only identified plant-in-service. Plant-in-service totals represent the original facilities as well as additions needed for completion of the park. We have reallocated \$30,500 of lines from water to sewer based upon our review of the lump sum cost of the initial infrastructure. Additionally, we removed \$15,712 associated with a wet well from the water plant balance and properly placed the cost in the sewer plant balance. Further, water plant has been reduced by \$4,218 for non-utility expenditures and \$629, which are not supported by invoices. Sewer plant has been increased by the amount of plant reallocated from the water system and reduced by \$629 due to costs unsupported by invoices.

Accumulated depreciation has been calculated pursuant to Rule 25-30.140, Florida Administrative Code. We calculated accumulated amortization of CIAC using the same rates.

CIAC has been calculated using the approved connection charge of \$375 for water and \$375 for sewer. As a result, CIAC is found to be \$124,125, based upon 331 connections as of June 30, 1990.

An acquisition adjustment results when the purchase price differs from the original cost calculation. Crystal Lake purchased the Crystal Lake Mobile Home Community for \$9,164,680. Since the sales contract did not contain a breakdown of facilities being purchased, it is impossible to determine if an acquisition adjustment exists. Absent a specific purchase price, rate base is established based upon original cost. Crystal Lake has not shown extraordinary circumstances, nor did it request an acquisition adjustment. Therefore, an acquisition adjustment is not included in the calculation of rate base.

Based on the adjustments set forth herein, rate base is \$259,343 for water and \$387,879 for sewer as of June 30, 1990, the date of transfer. Our calculation of rate base is shown on Schedules Nos. 1 and 2, for water and sewer, respectively, with adjustments shown on Schedules Nos. 3 and 4.

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

Rates and Charges

Century does not have approved customer deposits or miscellaneous service charges. The present rates and charges approved for Century Group, Inc. are as follows:

Water and Sewer

	<u>Water</u>	<u>Sewer</u>
Monthly Rates (Flat)	\$ 7	\$ 8
Service Availability Charges	\$ 375	\$ 375

ORDER NO. 23974  
DOCKET NO. 900527-WS  
Page 5

Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classification and regulations of the former operating company unless authorized to change by the Commission. Crystal Lake has not requested a change in the rates and charges and we see no reason to change them at this time. Therefore, Crystal Lake shall continue operations under the existing tariff and apply the approved rates and charges, as set forth above. Crystal Lake is directed to file a tariff reflecting the change in ownership within 30 days of the date of this Order. The tariff shall be effective for service provided or connections made after the stamped approval date.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificates Nos. 525-W and 454-S from Century Group, Inc., 259 Bartown Airbase Building 121, Bartow, Florida 33830, to Crystal Lake Club, c/o Clayton, Sherwood, Williams, 2500 Maitland Center Parkway, Suite 105, Maitland, Florida 32751, is hereby approved. Crystal Lake shall return Certificates Nos. 525-W and 454-S to this Commission within 30 days of the date of this Order for entry reflecting the transfer. It is further

ORDERED that rate base, which reflects net book value for the purposes of this transfer, is \$259,343 for the water system and \$387,879 for the sewer system. It is further

ORDERED Crystal Lake shall continue the rates and charges currently approved for Century Group, Inc., as set forth in the body of this Order, until authorized to change by the Commission. It is further

ORDERED Crystal Lake shall file a tariff reflecting the change in ownership within 30 days of the date of this Order. The tariff shall be effective for service provided or connections made after the stamped approval date on the tariff sheets. It is further

ORDERED that the provisions of this Order, issued as Proposed Agency Action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, 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" attached hereto. It is further

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

ORDER NO. 23974  
DOCKET NO. 900527-WS  
Page 6

By ORDER of the Florida Public Service Commission, this 9th  
day of JANUARY, 1991.



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 for purposes of this transfer 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 30, 1991. 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.

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, 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

Territory Description

The following described lands located in portion of Sections 2, Township 34 South, Range 28 East, Highlands County, Florida:

All that part of the SE1/4 and the SE1/4 of the NE1/4 of Section 2, Township 34 South, Range 28 East, lying West of the A.C.L. Railroad right-of-way together with that part of lots 9 to 14 inclusive, of WARREN AND MONDAY'S SUBDIVISION as recorded in P.B. 1, Page 10, Highlands County, Florida, lying within the following described boundary.

Commence at the SE corner of Sec. 2, T. 34 S., R. 28 E.; run thence N.1°08'50"W. along the line between Section 1 and 2 for 242.14 feet for a point of beginning, thence N.89°48'08"W., 2042.29 feet; thence N.1°16'18"W. in and parallel with the West line of said SE1/4 for 2352.93 feet to intersect the North line of said SE1/4 (being also the South line of said WARREN AND MONDAY SUBDIVISION); thence run N.20°20'23"W. 899.56 feet to a point herein designated point "A" which is the Westerly end of a control line along Lake Denton; thence continue N.20°20'23"W. 30 feet, more or less, to the shore of Lake Denton, thence Easterly along the meanders of Lake Denton, 370 feet, more or less to intersect the North line of lot 9 of WARREN AND MONDAY SUBDIVISION; thence N.88°38'32"E., 50.0 feet, more or less along said North line to a point of the aforesaid control line which bears N.68°29'12"E., 417.65 feet from said point "A", thence continue N.88°38'32"E. along said North line of Lot 9, 626.48 feet to intersect the East line of SW1/4 of NE1/4, thence N.1°12'34"W., 331.46 feet to the NW corner of SE1/4 of NE1/4, thence N.88°38'48"E. along North line of SE1/4 of NE1/4, 220.95 feet to the Westerly R/W line of the A.C.L. Railroad R/W, thence S.18°15'58"E. along said Westerly R/W, 3746.87 feet to the East line of Section 2; thence S.1°08'50"E., along the section line 149.60 feet to the point of beginning. Lying in Section 2, Township 34 South, Range 28 East, Highlands County, Florida. Also a 50 foot easement whose centerline is described as beginning at a point 437.82 feet North and 2051.50 feet West of the Southeast corner of Section 2, Township 34 South, Range 28 East, Highlands County, Florida, run N.89°48'08"W., 1548.40 feet, to the beginning of a 100 foot easement, thence continue N.89°48'08"W., 300.0 feet to a point in the East right-of-way boundary of SR-17A.



SCHEDULE NO. 1

Century Group, Inc.

SCHEDULE OF WATER RATE BASE

As of June 30, 1990

<u>Description</u>	<u>Balance Per Books</u>	<u>Commission Adjustments</u>	<u>Balance per Commission</u>
Utility Plant-in-Service	\$ 433,376	\$( 51,059) (1)	\$ 382,317
Land	11,159	0	11,159
Accumulated Depreciation	0	( 14,759) (2)	( 14,759)
Contributions-in-Aid-of- Construction	0	(124,125) (3)	(124,125)
CIAC Amortization	<u>0</u>	<u>4,757</u> (4)	<u>4,757</u>
TOTAL	<u>\$ 444,535</u>	<u>\$(185,186)</u>	<u>\$ 259,349</u>

SCHEDULE NO. 2

Century Group, Inc.

SCHEDULE OF SEWER RATE BASE

As of June 30, 1990

<u>Description</u>	<u>Balance</u> <u>Per Books</u>	<u>Commission</u> <u>Adjustments</u>	<u>Balance per</u> <u>Commission</u>
Utility Plant-in-Service	\$ 486,253	\$ 45,583 (1)	\$ 531,836
Land	11,159	0	11,159
Accumulated Depreciation	0	( 37,489) (2)	( 37,489)
Contributions-in-Aid-of- Construction	0	(124,125) (3)	(124,125)
CIAC Amortization	<u>0</u>	<u>6,498</u> (4)	<u>6,498</u>
TOTAL	<u>\$ 497,412</u>	<u>\$(109,533)</u>	<u>\$ 387,879</u>

Century Group, Inc.  
Rate Base Adjustments

<u>Description</u>	<u>Adjustment</u>	
	<u>Water</u>	<u>Sewer</u>
<u>Utility Plant-in-Service</u>		
1) To correct inclusion of water UPIS in sewer UPIS	\$ ( 46,212)	\$ 46,212
To remove unsupported plant	<u>( 629)</u>	( 629)
To remove non-utility plant	<u>( 4,218)</u>	
Total Plant-in-Service	<u>( 51,059)</u>	<u>45,583</u>
<u>Accumulated Depreciation</u>		
2) To reflect depreciation in accordance with Rule 25-30.140	<u>( 14,759)</u>	<u>( 37,489)</u>
<u>Contributions-in-Aid-of-Construction</u>		
3) To reflect CIAC in accordance with approved charges	<u>(124,125)</u>	<u>( 124,125)</u>
<u>CIAC Amortization</u>		
4) To reflect Amortization	<u>4,757</u>	<u>6,498</u>
Total Adjustments	<u>(185,186)</u>	<u>(109,533)</u>