

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of) DOCKET NO. 900928-WS
facilities and Certificate No. 229-S)
from PPW Sewer Company, Inc. and PPW) ORDER NO. 24259
Water Company to Utilities, Inc. of)
Florida, cancellation of Certificate) ISSUED: 3/20/91
No. 283-W and amendment of Certifi-)
cate No. 107-W in Pasco County.)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
GERALD L. GUNTER
MICHAEL McK. WILSON
J. TERRY DEASON

ORDER APPROVING TRANSFER AND
SETTING RATES AND CHARGES

BY THE COMMISSION:

Background

On November 19, 1990, an application was filed with this Commission requesting approval of the transfer of facilities from PPW Sewer Company, Inc. and PPW Water Company, Inc. (PPW) to Utilities, Inc. of Florida (Utilities, Inc.). PPW provides water service to 745 connections and sewer service to 720 connections in Pasco County. Utilities, Inc. operates water and sewer systems throughout the State of Florida.

The closing on this transaction occurred in October, 1990. Although the closing occurred prior to Commission approval, the purchase and sale is contingent upon Commission approval.

In the application, Utilities, Inc. requested a positive acquisition adjustment and changes to PPW's approved rates and charges. On January 28, 1991, Utilities, Inc., through its attorney, filed a motion requesting deferral of the rate base issues from this docket to the forthcoming rate case. Utilities, Inc. also withdrew its request for changes in the rates and charges.

Application

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the notarized application contains:

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FPSC-RECORDS/REPORTING

1. A filing fee in the amount of \$1,800.00, as prescribed by Rule 25-30.020, Florida Administrative Code.
- 2) Proof of notice to interested governmental and regulatory agencies and utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Pasco 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(2)(g), Florida Administrative Code.
- 4) Evidence (warranty deed) that the Utility owns the land on which its facilities are located as required by Rule 25-30.035(3)(f), Florida Administrative Code.

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

PPW is not in compliance with Department of Environmental Regulation (DER) standards. According to Utilities, Inc., one of the four wells has collapsed and another is out of service due to excessive iron. The consumptive use permit for the water system expired in July, 1989, and the DER sewer permit expired in May, 1988. The sewer system is currently under a consent order for repeated pollution violations. Utilities, Inc. has agreed to make the improvements necessary to bring the systems into compliance.

The DER operating permit for the wastewater treatment system expired on May 12, 1988 due to noncompliance with Chapter 403, Florida Statutes. An inspection conducted in 1989 indicated that the wastewater treatment plants were not operating properly because of the high concentration of suspended solids in the effluent. This appears to be due in part to failure of the inner steel chambers of the wastewater treatment plants. The raw wastewater mixed with partially treated wastewater in the clarifier. The mixture of suspended solids flowed into the percolation ponds, contributing to the failure of the percolation ponds. According to DER, the percolation ponds are improperly discharging.

DER and PPW entered into a consent order, which has not been fulfilled because PPW did not make the improvements necessary to fix the system. Recently, a new consent order was entered into which provides for the abandonment of the wastewater treatment plant upon connection to Pasco County's system. Arrangements have been made for bulk wastewater service from Pasco County upon connection to the county's lines.

As stated previously, Utilities, Inc., owns and operates several water and sewer systems throughout the State of Florida. Utilities, Inc. has the expertise and capital necessary to make the required improvements and to provide the customers with a good quality of service. Therefore, we find that the transfer is in the public interest and it is approved.

Certificate No. 107-W, held by Utilities, Inc., in Pasco County is amended to include the area served by PPW Water Company, Inc. Utilities, Inc. has returned Certificate No. 107-W for entry reflecting the change in ownership. In addition, Certificate No. 229-S, held by PPW Sewer Company, Inc., is hereby transferred to Utilities, Inc. PPW was unable to locate its certificates; therefore, Certificate No. 229-S will be reissued to reflect the transfer to Utilities, Inc. Since Utilities, Inc. has a water certificate in Pasco County, Certificate No. 283-W, held by PPW, is hereby cancelled.

Rate Base

On January 28, 1991, Utilities, Inc., through its attorney, filed an emergency motion requesting that rate base not be set in this docket. In its Motion, Utilities, Inc. requested that rate base be determined in the forthcoming rate case. No response in opposition to the motion has been filed.

The Commission has the discretion of setting rate base at the time of transfer, pursuant to Chapter 367.071(5), Florida Statutes. Rate base is usually established in cases involving the acquisition of existing facilities. However, there is a need to process this transfer as quickly as possible due to the urgent need for improvements to the system. Utilities, Inc. has agreed to make the improvements upon approval of the transfer. Therefore, Utilities, Inc.'s request that rate base be established in the forthcoming rate case is hereby granted. Utilities, Inc.'s request that a positive acquisition adjustment be included in rate base will also be addressed in the rate case.

Rates and Charges

The rates currently in effect for PPW are as follows:

Water

\$5.36 per month for the first 4,000 gallons
.53 for each additional 1,000 gallons

Sewer

Flat rate of \$6.41 per customer per month.

PPW has no approved miscellaneous service charges, customer deposits, or service availability charges and none are approved herein.

According to Rule 25-9.044(1), Florida Administrative Code, the new owner of a utility must adopt and use the rates, classification and regulations of the former operating company unless authorized to change by the Commission. In its application, Utilities, Inc. requested a change in the billing cycle from monthly to bimonthly and requested approval to collect miscellaneous service charges. However, on January 28, 1991, Utilities, Inc. withdrew its request to change PPW's rates and charges. Utilities, Inc. will request the changes in the forthcoming rate case.

Utilities, Inc. shall continue to charge PPW's approved rates and charges, as set forth herein, until authorized to change by the Commission. Utilities, Inc. is directed to file tariff sheets reflecting the approved rates within 30 days of the date of this Order. This tariff shall be effective for service provided or connections made on or after the stamped approval date.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of facilities from PPW Sewer Company, Inc. and PPW Water Company, 5728 Major Boulevard, Suite 700, Orlando, Florida 32819-7996, to Utilities, Inc. of Florida, 200 Weatherfield Avenue, Altamonte Springs, Florida 32714, is hereby approved. It is further

ORDERED that Certificate No. 107-W, held by Utilities, Inc., is hereby amended to include the territory served by PPW Water Company. It is further

ORDERED that Certificate No. 283-W, held by PPW Water Company, is hereby cancelled. It is further

ORDERED that Certificate No. 229-S, held by PPW Sewer Company, is hereby transferred to Utilities, Inc. Since PPW Sewer Company was unable to locate its Certificate, Certificate No. 229-S shall be reissued to Utilities, Inc. It is further

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ORDERED that rate base shall be set in a subsequent rate case proceeding. The appropriateness of an acquisition adjustment will also be determined in that proceeding. It is further

ORDERED that Utilities, Inc. shall continue to charge the rates and charges currently approved for PPW Water Company and PPW Sewer Company, as set forth in the body of this Order, until authorized to change by this Commission. It is further

ORDERED that Docket No. 900928-WS is hereby closed.

By ORDER of the Florida Public Service Commission, this 20th day of MARCH, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ALC

by: Kary Heyman
Chief, Bureau of Records

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.

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

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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

PPW WATER COMPANY, INC.
AND
PPW SEWER COMPANY, INC.

TERRITORY DESCRIPTION

The following described lands located in portions of
Sections 5 and 8, Township 25 South, Range 17 East, Pasco County, Florida.

Paradise Pointe West, Summertree and Arborwood at Summertree Subdivisions

Township 25 South, Range 17 East

Sections 5 and 8:

Commence at the Southwest corner of said Section 8 and run S. 89° 28' 57" E., a distance of 1000.0 feet to the POINT OF BEGINNING; thence N. 00° 51' 28" E., a distance of 5277.70 feet to the North line of said Section 8; thence N. 00° 32' 21" E. a distance of 679.83 feet to the South R/W line of State Road 52; thence N. 61° 34' 03" E. along said R/W line, a distance of 380.33 feet; thence around a 3869.7 foot radius curve to the left, an arc distance of 491.55 feet, a chord bearing N. 57° 55' 48" E., length 491.02 feet; thence N. 54° 17' 33" E. along the South R/W line of State Road 52, a distance of 2043.50 feet; thence around a 1860.11 foot radius curve to the right, an arc distance of 944.70 feet, a chord bearing N. 68° 52' 35" E., length 934.43 feet; thence run S. 09° 25' 19" E., a distance of 500.25 feet; thence run N. 84° 25' 33" E., a distance of 283.60 feet, thence run S., 02° 32' 46" W., a distance of 4912.99 feet; thence run N., 89° 08' 32" W., a distance of 1495.0 feet, thence run S. 02° 32' 46" W., a distance of 2596.18 feet; thence run N., 89° 28' 57" W., a distance of 1902.57 feet to the POINT OF BEGINNING.

MEMORANDUM

March 18, 1991

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF LEGAL SERVICES (CROSBY) *msd*
RE: DOCKET NO. 900928-WS - APPLICATION FOR TRANSFER OF FACILITIES AND CERTIFICATE NO. 229-S FROM PPW SEWER COMPANY, INC. AND PPW WATER COMPANY TO UTILITIES, INC. OF FLORIDA, CANCELLATION OF CERTIFICATE NO. 283-W AND AMENDMENT OF CERTIFICATE NO. 107-W IN PASCO COUNTY

24259

Attached is an Order Approving Transfer and Setting Rates and Charges to be issued in the above-referenced Docket. (Number of Pages in Order - 7)

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Attachment

cc: Division of Water and Sewer

RECEIVED
MAR 19 1991
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3:30 mail

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