

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of ) DOCKET NO. 910518-SU  
Certificate No. 357-S from Parmer )  
Utilities, Inc. to Fairmount Utilities ) ORDER NO. 25217  
The 2nd, Inc. in Highlands County, )  
\_\_\_\_\_ ) ISSUED: 10/14/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
MICHAEL MCK. WILSON

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE FOR  
PURPOSES OF THE TRANSFER

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action taken herein is final except for the establishment of rate base for the purposes of the transfer, which is preliminary in nature and which 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

On April 22, 1991, an application was filed with this Commission for the transfer of Certificate No. 357-S from Parmer Utilities, Inc. (Parmer) to Fairmount Utilities The 2nd, Inc. (Fairmount). Parmer serves approximately 400 customers, which include residential customers in a mobile home development, a small commercial development (shopping center) and an adjacent insurance company.

DOCUMENT NUMBER-DATE

10174 OCT 14 1991

F-PSC-RECORDS/REPORTING

The application was filed by Mr. Roger Miller on behalf of Fairmount. Mr. Miller was the former owner and operator of the utility when it was transferred to Parmer from Fairmount Utilities, Inc. in 1987, by Order No. 17654, issued in Docket No. 870056-SU on June 3, 1987. The closing of the transfer from Parmer to Fairmount in the instant Docket occurred on April 30, 1991, subject to Commission approval.

#### Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules. With its application, Fairmount submitted a filing fee in the amount of \$150, as prescribed by Rule 25-30.020, Florida Administrative Code. Fairmount also provided proof that it owns the land upon which its facilities are located, as required by Rule 25-30.037(1)(o), Florida Administrative Code.

In addition, Fairmount provided proof that it complied with the noticing provisions of Rule 25-30.030, Florida Administrative Code, including notice to Parmer's customers. The original notice to the customers was deficient; Fairmount renoticed the customers on August 5, 1991. No objections to the application have been received and the time for filing such has expired.

As discussed previously, the owner of Fairmount, Mr. Miller, owned the Parmer system previously. Mr. Miller also owns Sebring Ridge Utilities, Inc. in Highlands County, and has operated wastewater systems in the area for about 10 years. Therefore, we find that Mr. Miller has demonstrated that he has the technical ability to operate the Parmer system. In addition, from information submitted with the application, it appears that Mr. Miller has the financial resources to ensure the continued operation of the system. Also, according to the Department of Environmental Regulation (DER), there are no violations against the utility.

Based on the foregoing, we find that the transfer is in the public interest and it is approved. The territory being transferred is described in Attachment A of this Order, which by reference is incorporated herein. Certificate No. 357-S shall be returned to this Commission within 30 days of the date of this Order for entry reflecting the transfer.

### Rate Base

According to the application, the net book value of Parmer as of the date of the transfer is \$84,583. The Commission previously established rate base for Parmer in Order No. 21049, issued on April 14, 1989 in Docket No. 881108-SU. No adjustments were provided with the application to update the rate base.

An audit of Parmer's books and records has been conducted to determine the rate base as of the date of transfer. Parmer uses a Cash Receipts and Disbursements Ledger to record its financial transactions instead of the NARUC Uniform System of Accounts.

As a result of the audit, it was necessary to adjust some of the accounts to recognize unrecorded plant, plant retirements and adjustments to accumulated depreciation and amortization of contributions-in-aid-of-construction (CIAC). Several motors and a blower assembly, with accessories, were presumed to be replaced and retired. Since this equipment was installed in 1970, it has been fully depreciated in accordance with Rule 25-30.140(2)(b), Florida Administrative Code. Therefore, the reduction in plant-in-service is offset by a reduction to accumulated depreciation.

An acquisition adjustment results when the purchase price differs from the original cost of the system. In the absence of extraordinary circumstances, the purchase of a utility system at a premium or discount does not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary and an acquisition adjustment was not requested by Fairmount. Therefore, no acquisition adjustment is included in rate base.

Based on the foregoing, rate base for Parmer is \$96,306, as of May 31, 1991. 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 system being transferred and does not include the normal ratemaking adjustment of working capital calculations and used and useful adjustments.

### Rates and Charges

The current rates and charges approved for Parmer were established by Order No. 21825, and were effective on September 5, 1989. Rule 25-9.044(1), Florida Administrative Code, states that

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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 this Commission. Fairmount has not requested a change in Parmer's rates and charges and we see no reason to change them at this time.

Fairmount shall continue to charge the rates and charges approved in Parmer's tariff until authorized to change by the Commission in a subsequent proceeding. Fairmount has filed a tariff reflecting the change in ownership. The tariff shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificate No. 357-S from Parmer Utilities, Inc., Post Office Box 1883, Sebring, Florida 33870, to Fairmount Utilities The 2nd, Inc., 3625 Valerie Boulevard, Post Office Box 548, Sebring, Florida 33871-0458, is hereby approved. Fairmount is directed to return Certificate No. 357-S to this Commission within 30 days of the date of this Order for entry reflecting the change in ownership. It is further

ORDERED that rate base, which for transfer purposes reflects the net book value, is \$96,305. It is further

ORDERED that Fairmount Utilities The 2nd, Inc. shall continue to charge the rates and charges approved in Parmer Utilities, Inc.'s tariff until authorized to change by the Commission. It is further

ORDERED that the tariff shall be effective for service provided or connections made after the stamped approval date. 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

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

By ORDER of the Florida Public Service Commission, this 14th  
day of OCTOBER, 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 11/04/91. 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.

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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

Parmer Utilities, Inc.

Territory Description

The following described lands located in portions of Sections 14 and 15, Township 34 South, Range 28 East, Highlands County, Florida:

Section 15

Beginning at a point on the Southeast corner of said Section 15, thence South  $88^{\circ}31'20''$  West a distance of 1,320 feet to the Southwest corner of the Southeast 1/4 of the Southeast 1/4 of said Section, thence North  $01^{\circ}19'40''$  West a distance of 1,867 feet to a point, thence North  $57^{\circ}01'20''$  East a distance of 1,363 feet to a point, thence South  $19^{\circ}33'43''$  East a distance of 425 feet to a point on the Eastern boundary of said Section, thence South along said Eastern boundary a distance of 2,200 feet more or less to the Point of Beginning.

Section 14

Beginning at a point on the Southwest corner of said Section 14, thence North  $86^{\circ}30'$  East a distance of 667 feet to a point, thence North  $19^{\circ}33'43''$  West a distance of 2,263 feet to a point on the Western boundary of said Section, thence South along said Western boundary a distance of 2,200 feet more or less, to the Point of Beginning.