

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer
of Certificate No. 364-W from
Linadale Water Company in Marion
County to Sunshine Utilities of
Central Florida, Inc.

DOCKET NO. 011632-WU
ORDER NO. PSC-02-1832-PAA-WU
ISSUED: December 20, 2002

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING TRANSFER, CANCELING CERTIFICATE NO.
364-W, HELD BY LINADALE WATER COMPANY, AND AMENDING
CERTIFICATE NO. 363-W, HELD BY SUNSHINE UTILITIES OF
CENTRAL FLORIDA, INC., TO INCLUDE
THE TERRITORY SERVED BY LINADALE WATER COMPANY

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATE BASE FOR PURPOSES OF THE
TRANSFER, AND DECLINING TO INCLUDE AN ACQUISITION
ADJUSTMENT IN THE CALCULATION OF RATE BASE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action establishing rate base for purposes of
the transfer and declining to include an acquisition in the
calculation of rate base, as discussed herein, is preliminary in
nature and 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.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Background

On December 10, 2001, Sunshine Utilities of Central Florida, Inc. (Sunshine or buyers) and Linadale Water Company (Linadale or utility) filed a joint application for approval of the transfer of the utility to Sunshine. Sunshine is a Class B water utility that operates 21 water systems throughout the Marion and Citrus County area. Linadale is a Class C Utility that provides water service to approximately 269 customers in a forty-acre mobile home community in Marion County. The utility is located in the St. Johns River Water Management District, which is considered a water use caution area. Linadale's water treatment system consists of two 6-inch wells, a hydro-pneumatic tank, and two high service pumps. Wastewater is provided by septic tanks.

Marion County transferred jurisdiction over privately-owned water and wastewater utilities to the Florida Public Service Commission on May 5, 1981. Linadale was granted Grandfather Certificate No. 364-W by Order No. 11219, issued October 4, 1982, in Docket No. 810290-W. However, the territory granted by that Order did not accurately reflect the territory being served by Linadale at that time.

In its application, Linadale indicated it was serving two areas, Sandy Acres and Carl Shields Unrecorded, which are separated by 600 feet of undeveloped property. Instead of filing a metes and bounds description of the territory served, Linadale filed plats of the areas served. Because a clear description of the territory was not received, the description was written using the information provided with the application, and an error occurred. While processing the transfer application at issue in this docket, we discovered that the territory description included in Order No. 11219 incorrectly reflects that the two areas are side by side. As a result, Linadale has been serving the territory that was described in the Order, but not what it requested to serve in its application. Linadale is also serving a portion of the territory requested that is not in its service area.

When the original owner, Carl Shields, died, his wife took over the utility and continued to serve the territory previously served. During the audit of the books and records in this docket, it was discovered that the utility is serving outside of its

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certificated territory. Further review by our staff revealed that the territory granted by Order No. 11219 was incorrect.

On December 10, 2001, Sunshine Utilities of Central Florida, Inc. (Sunshine or buyer) and Linadale filed a joint application for transfer of the utility to Sunshine. In an effort to correct the territory description, Sunshine has filed an application for amendment of Linadale's territory to include all of the territory the utility is now serving. Sunshine also requested additional territory in its application. The application for amendment of the service area is being handled in Docket No. 021034-WU.

In the instant docket, the application was found to be deficient. The deficiencies were corrected on January 11, 2002. Rate Base was last established in Docket No. 810290-WU, by Order No. 11219, issued October 4, 1982.

We have jurisdiction to consider this matter pursuant to Sections 367.081 and 367.071, Florida Statutes.

Show Cause - Destruction of Records

Rule 25-30.110(1)(a), Florida Administrative Code, provides that "[e]ach utility shall preserve its records in accordance with the 'Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities' as issued by the National Association of Regulation Utility Commissions, as revised May 1985." (NARUC Regulations).

Part I, on Page 5 of the General Instructions of the NARUC Regulations, states:

I. Premature Destruction or Loss of Records

When any records are destroyed before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction shall be filed with the Commission within ninety (90) days from the date of discovery of such destruction. Discovery of loss of

records is to be treated in the same manner as in the case of premature destruction.

According to information gained through an audit performed by our Staff, Linadale's records were destroyed by vandalism sometime in April of 2000. Linadale's failure to notify the Commission that the records were destroyed is an apparent violation of Rule 25-30.110(1)(a), Florida Administrative Code.

Section 367.161(1), Florida Statutes, authorizes this Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated, any Commission rule, order, or provision of Chapter 367, Florida Statutes. Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). Thus, any intentional act, such as the utility's failure to notify the Commission of the destruction of utility records within ninety days would meet the standard for a "willful violation." In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., the Commission, having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be find, stating that "'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

Although failure of Linadale to notify us of the destruction of its records within ninety days is an apparent violation of Rule 25-30.110(1)(a), Florida Administrative Code, we do not believe that the violation rises to the level of warranting the initiation of a show cause proceeding. Destruction of the records was due to vandalism and, therefore, was outside of the utility's control. Further, destruction of the records has now been brought to the Commission's attention, albeit not within ninety days, and the utility is now cognizant of its obligation to report any future loss or destruction of records. In addition, upon approval of the transfer of the utility to Sunshine, the current owner will no longer be in the utility business. Therefore, we decline to

initiate a show cause proceeding against Linadale for failure to notify this Commission of the destruction of its records.

Show Cause - Incorrect Charges

According to the audit, Linadale collected customer deposits and initial connection charges from its customers which are in excess of those approved in its tariff. Linadale is authorized to collect a customer deposit of \$15, but does not have an approved initial connection charge. Although the auditor was unable to verify amounts collected prior to April, 2000, the utility confirmed the audit findings that it was charging unapproved amounts for customer deposits and connection charges. Linadale's collection of unapproved tariff charges is an apparent violation of Section 367.081, Florida Statutes, and Rule 25-30.135(2), Florida Administrative Code.

Section 367.081(1), Florida Statutes, states, in part, that ". . . a utility may only charge rates and charges that have been approved by the commission." Upon being informed by the Commission Staff that they could not charge more than their approved tariff allowed, Linadale refunded to the customers that could be located all customer deposits and initial connection charges plus interest. In addition, every effort has been made by Linadale to contact those customers who have moved. Since, as discussed above, the utility's records were destroyed by vandals, Linadale and Sunshine provided an affidavit that a good-faith, diligent effort has been made to identify and locate all customers of Linadale due refunds. The affidavit further states that all customer deposits and connection charges, plus interest, have been refunded to those customers of Linadale that could be identified and located.

Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833).

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367,

Florida Statutes. The utility's failure to collect the correct charges approved in its tariff, appears to be willful in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

We do not believe that the apparent violation of Section 367.081, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. The utility has refunded \$1,530 in customer deposits and connection charges, plus interest of \$146. There are twenty customers remaining that have not received refunds, and the utility has exhausted all means for locating these customers. The utility has requested that the remaining unclaimed refunds plus interest be credited to CIAC. Furthermore, upon approval of the transfer, the current owner will no longer be in the utility business. Therefore, we will not initiate a show cause proceeding against Linadale for charging customer deposits and initial connection charges not approved in its tariff. In addition, the unclaimed refunds totaling \$1,424 shall be credited to CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code.

Show Cause - Incorrect Territory

As discussed previously, Linadale has been serving territory outside of its service area since 1981, which is an apparent violation of Section 367.045, Florida Statutes. Section 367.045(2), Florida Statutes, states, in part, that "[a] utility may not delete or extend its service outside the area described in its certificate of authorization unit until it has obtained an amended certificate of authorization from the commission." We became aware of the additional customers during the audit of the utility's records conducted in this docket.

Utilities are charged with the knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833).

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In serving outside of its certificated territory without obtaining an amended certificate of authorization, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

We do not believe that the apparent violation of Section 367.045, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. When Linadale was granted Grandfather Certificate No. 364-W, the description of the territory included with that Order No. 11219 did not reflect the territory requested by Linadale. The Order granted Linadale only a portion of the territory it was serving and additional territory not requested. Linadale served the area it believed was within its certificated territory. Linadale has included the additional territory in its annual reports and paid all the related regulatory assessment fees during the time the area was served. Further, upon approval of the transfer, the current owner will no longer be in the utility business. Therefore, we will not initiate a show cause proceeding against Linadale for failing to obtain an amended certificate of authorization prior to serving outside of its certificated territory.

Application

Except as discussed previously, the application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains a filing fee in the amount of \$750, pursuant to Rule 25-30.020, Florida Administrative Code. The application also contains evidence in the form of a recorded warranty deed that the utility owns the land upon which its facilities are located, as required by Rule 25-30.037(2)(q), Florida Administrative Code.

Section 367.071, Florida Statutes, requires that no utility shall sell, assign, or transfer its certificate of authorization, facilities, or any portion thereof, without prior approval of the Commission unless such sale, assignment, or transfer is made contingent upon Commission approval. Consistent with the Statute, the closing on the transfer of the utility took place on November 15, 2001, contingent upon this Commission's approval.

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application were received, and the time for filing such has expired. A description of the approved territory served by the utility is appended to this memorandum as Attachment A. This is the original service area that was granted to the utility in Order No. 11219, issued October 4, 1982.

According to the application, the transfer is in the public interest because Sunshine can provide better service to the Linadale customers because of its large and more experienced staff. Sunshine operates 21 water systems throughout the Marion and Citrus County area.

With regard to the buyer's technical ability, Sunshine has the financial resources to maintain consistent compliance with environmental regulations. Sunshine has been providing water service in Marion County for more than 24 years and operates 21 separate water systems. According to the Department of Environmental Protection (DEP), there are no outstanding notices of violation against Linadale or Sunshine.

The financial information provided by Sunshine indicates that it can provide the financial stability required to maintain the utility systems in accordance with Commission standards. In addition, the customers will receive the benefit of centralized management, accounting, billing, and data processing functions, resulting in the economies of scale that would be unattainable on a stand-alone basis.

The application contains a copy of the agreement for purchase and sale which includes the purchase price, terms of payment, and a list of the assets purchased. The assets include a water treatment plant, a hydro-pneumatic tank, two 6-inch wells, and two high service pumps. The buyer secured a loan for \$40,000 to finance the purchase. The loan is to be repaid in monthly installments of \$465.00 over the next ten years.

Sunshine indicated that a reasonable investigation of the utility has been performed. The investigation revealed that there were several minor repairs and replacements needed. The repairs have been made and replacements have been completed since the filing of the application. Linadale's operator was withholding three months of operating reports that were to be filed with DEP, due to the nonpayment for his services. However, the operator has been paid and the reports have been released without a penalty to the utility.

According to our records, Linadale paid its regulatory assessment fees (RAFs) through October 31, 2001, and Sunshine paid its RAFs for November 1, 2001 through December 31, 2001. Linadale has filed an annual report for 2000 and all prior years. Sunshine filed an annual report on Linadale's behalf for 2001. Sunshine will be responsible for the 2002 and all future RAFs and annual reports.

Based on the foregoing, we find that the transfer of facilities from Linadale to Sunshine is in the public interest and it is approved. Certificate No. 363-W, held by Sunshine, is hereby amended to include Linadale's approved territory. Linadale shall return Certificate No. 364-W to this Commission for cancellation within 30 days of the Commission order. A description of the territory being transferred to Sunshine is shown on Attachment A of this Order, which by reference is incorporated herein.

Rate Base

Rate base at the time of transfer could not be determined because the books and records of the utility were destroyed in April of 2000 by vandalism. The utility used its 2000 annual report to determine a proposed rate base of \$11,270 as of November 15, 2001. Rate base was last established for Linadale by Order No. 11219, issued October 4, 1982, in Docket No. 810290-WU, as \$7,033. In a previous transfer docket (Docket No. 881361-WU), a rate base of \$31,280 was recommended; however, by Order No. 21834, issued September 5, 1989, the transfer was denied and rate base was not established.

An audit of the available books and records of the utility in the current docket was conducted to determine rate base as of the date of transfer. The utility's rate base was updated from prior orders, a prior audit, and the annual reports. The records provided to our staff were maintained on a cash basis for income tax purposes. The audit report contained seven exceptions. The utility did not provide a response to the audit report.

The audit indicates that the utility's books and records were not maintained in accordance with the National Association of Regulation Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Pursuant to Rule 25-30.115, Florida Administrative Code, water and wastewater utilities shall maintain their accounts and records in conformance with the 1996 NARUC USOA. Accounting Instruction 2.A of the NARUC USOA for Class C utilities states:

The books of accounts of all water utilities shall be kept by the double entry method on an accrual basis. Each utility shall keep its accounts monthly and shall close its books at the end of each calendar year.

Accounting Instruction 2.B of the NARUC USOA for Class C utilities states:

All books of accounts, together with records and memoranda supporting the entries therein, shall be kept in such a manner as to support fully the facts pertaining to such entries. The books and records referred to herein include not only the accounting records in a

limited technical sense, but also all other records, reports, correspondence, invoices, memoranda and information useful in determining the facts regarding a transaction.

According to the audit report, Linadale provided our staff with records that were maintained on a cash basis, but could not provide sufficient historical records and supporting source documentation identifying specific plant additions or the associated accumulated depreciation for the system as reflected in its annual reports. Linadale's failure to maintain its books and records in accordance with NARUC USOA is a violation of Rule 25-30.115, Florida Administrative Code. However, Linadale will no longer be operating the utility as a result of the transfer. According to Sunshine, it maintains its books and records using the NARUC USOA and is now maintaining Linadale's books and records in conformance with the NARUC USOA as prescribed by Rule 25-30.115, Florida Administrative Code.

The audit report contained several exceptions that resulted in adjustments to the plant, land, contributions-in-aid-of-construction (CIAC), accumulated depreciation, and accumulated amortization accounts. These adjustments are discussed below.

Utility Plant-in-Service

The utility's annual report indicates a plant-in-service balance of \$78,642 as of December 31, 2000. There was no supporting source documentation available to allow our staff to verify specific plant additions. Linadale indicated that there were no plant additions in 2001.

Order No. 11219, established a plant-in-service balance of \$65,732 as of July 31, 1981; however, the utility never adjusted its books to reflect the approved balance. Although we did not formally set rate base in Docket No. 881361-WU, our staff verified \$25,831 in plant additions, including a generator (\$7,280), a chlorinator (\$1,323), transmission and distribution lines (\$965), meters (\$9,300), office furniture and equipment (\$1,763), and a backhoe (\$5,200), resulting in a total plant-in-service balance of \$91,563 as of December 31, 1988. Staff has reviewed the audit records and it appears that their recommended plant-in-service

balance of \$91,563 is reasonable and shall be used as a starting point in establishing rate base for the current transfer.

The audit investigation in this docket revealed that the utility's office furniture was not transferred to Sunshine. Therefore, the plant account shall be adjusted to remove \$1,763 for the cost of the office furniture. In addition, we verified the August, 2000, purchase of a 2,100 gallon hydropneumatic tank. Therefore, the plant-in-service balance shall be increased by \$9,324 to reflect the cost of the hydropneumatic tank and decreased by \$1,207 to retire the old tank.

Based on all the above, we find that a plant-in-service balance of \$97,917 shall be included in rate base as of November 15, 2001. The net adjustment to correct the utility's plant-in-service account balance is \$19,275.

Land

The utility never recorded land on the company books and records. Order No. 11219, issued October 4, 1982, in Docket No. 810290-WU, established a land balance of \$425, as of July 31, 1981. The land balance of \$425 includes the cost of two parcels valued at \$135 and \$290. The parcel valued at \$135 was the original well site that was cited by the Department of Environmental Regulation for replacement. After being directed to abandon the original well site, the utility acquired the second parcel valued at \$290 and installed a new well. Therefore, we are only including the second parcel in rate base as of November 15, 2001, at a cost of \$290.

Accumulated Depreciation

The utility's annual report as of December 31, 2000, indicates an accumulated depreciation balance of \$67,372. The utility has depreciated its plant at a higher rate on both its annual report and tax returns than prescribed by Order No. 11219.

Order No. 11219 established an accumulated depreciation balance of \$13,627 as of July 31, 1981, and approved a depreciation rate of 2.5 percent for all plant accounts. According to the audit in Docket No. 881361-WU, the accumulated depreciation balance was

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\$28,577 as of December 31, 1988, based on a depreciation rate of 2.5 percent.

The utility reported an accumulated depreciation balance of \$67,372 on plant in service of \$78,642 as of December 31, 2000. The depreciation rates used by the utility exceed the guideline depreciation rates prescribe in Rule 25-30.140, Florida Administrative Code. Order No. PSC-01-2311-PAA-WS, issued November 26, 2001, in Docket No. 001122-WS states:

...the audit recommended adjustments to correct errors in the depreciation rates for the utility's water and wastewater facilities. We disagree that any such adjustments need to be made. The developer-owner chose to depreciate the water and wastewater plant at a more accelerated rate than the average service lives listed in Rule 25-30.140, Florida Administrative Code. Therefore, although the utility did not use the guideline average service lives set forth in the rule to depreciate its assets, we find that no adjustments to depreciation are necessary.

Applying the utility's accelerated depreciation rate, the accumulated depreciation balance on recommended plant-in-service of \$97,917 as of November 15, 2001, is \$87,656. The total adjustment to accumulated depreciation is \$20,284, which includes the retirement of the old tank and the removal of the office furniture. Therefore, we find it appropriate to include an accumulated depreciation balance of \$87,656 in rate base as of November 15, 2001.

Contributions-in-Aid-of-Construction (CIAC) and Amortization of CIAC

The utility's annual reports indicate that it has never recorded CIAC or accumulated amortization, although it has had an approved meter installation charge of \$150 since April 29, 1982. The utility's 2001 annual report indicates that it has 269 customers.

In setting rate base in Docket No. 810290-WU, this Commission included CIAC of \$14,815 and accumulated amortization of \$6,485.

According to the audit in Docket No. 881361-WU, there were 217 customers as of December 31, 1988, and it was recommended that CIAC be imputed to reflect a CIAC balance of \$43,056 and accumulated amortization balance of \$12,686 as of that date.

We find it appropriate to increase CIAC and accumulated amortization balances to reflect the prior balance recommended in Docket No. 881361-WU of \$43,056 and \$12,686 and the additional CIAC and accumulated amortization associated with the 52 additional customers that have connected since 1988. In addition, CIAC shall be increased by \$1,424 to reflect the unclaimed refunds and interest discussed previously. The resulting CIAC balance is \$52,280 as of November 15, 2001.

Applying a composite amortization rate, the accumulated amortization on staff's recommended CIAC of \$52,280 as of November 15, 2001, is \$43,295. Based on the above information, staff recommends that an accumulated amortization balance of \$43,295 be included in rate base as of November 15, 2001.

Rate Base

Based on the foregoing, rate base for Linadale is found to be \$1,566 for the water system as of November 15, 2001. Our calculation of rate base for the water system is shown on Schedule No. 1; adjustments to rate base are itemized on Schedule No. 2. This rate base calculation is used solely to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital and used and useful. Sunshine is hereby put on notice that it is required to maintain the utility's books and records in conformance with the National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA)

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the rate base for transfer purposes. The transfer of Linadale to Sunshine results in a positive acquisition adjustment of \$38,434 (purchase price: \$40,000 less rate base: \$1,566 equals a positive acquisition adjustment: \$38,434).

In the absence of extraordinary circumstances, it has been Commission practice that the purchase of a utility at a premium or discount shall not affect the rate base calculation. Since Sunshine has not requested an acquisition adjustment, and there are no extraordinary circumstances that would justify an acquisition adjustment to rate base in this transaction, an acquisition adjustment is not be included in the calculation of rate base. This is consistent with previous Commissions decisions in this regard. See Order No. PSC-01-1271-PAA-SU, issued June 6, 2001, in Docket No. 010382-SU; Order No. PSC-01-1655-PAA-WS, issued August 13, 2001, in Docket No. 000793-WS; Order No. PSC-01-1917-PAA-WS, issued September 24, 2001, in Docket No. 001551-WS; and Order No. PSC-02-1299-PAA-SU, issued September 23, 2002, in Docket No. 011379-SU.

It should be noted that the Commission recently adopted Rule 25-30.0371, Florida Administrative Code, to address the appropriate treatment of acquisition adjustments that occur when the purchase price of a utility differs from its rate base. However, because the purchase occurred and the application was filed prior to the adoption of the rule, the new rule is not applicable in this docket.

Rates and Charges

Linadale's current rates for water service were approved by the Commission pursuant to a price index and pass-through rate adjustment effective March 29, 1995. The utility's approved customer deposit, miscellaneous service charges, meter testing, and meter installation charges became effective April 29, 1982, pursuant to Order No. 11219, issued October 4, 1982, in Docket No. 810290-WU. Linadale's approved rates and charges are set forth below.

Sunshine Monthly Water Service Rates
for the Linadale System

Residential

Base Facility Charge:

Meter Size:

5/8" x 3/4"	\$ 4.45
1"	\$ 11.12

Gallonage Charge

Per 1,000 Gallons	\$ 1.40
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Miscellaneous Service Charges

Violation Reconnection Fee - Normal Hours	\$ 5.00
Violation Reconnection Fee - After Hours	\$ 7.50

Customer Deposits

5/8" x 3/4"	\$ 15.00
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Meter Installation Fee

5/8" X 3/4"	\$ 150.00
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Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates classifications and regulations of the former operating company unless authorized to change by this Commission. Sunshine has not requested a change in the rates and charges of Linadale, and we see no reason to change them at this time. Sunshine shall continue to charge the customers of the utility the rates and charges approved in Linadale's tariff until authorized to change by this Commission in

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a subsequent proceeding. The utility has filed a revised 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 Linadale Water Company, Post Office Box 1593, Umatilla, Florida 32784-1593, to Sunshine Utilities of Central Florida, Inc., 10230 East Highway 25, Belleview, Florida 34420-5531, is hereby approved. It is further

ORDERED that Certificate No. 364-W, held by Linadale Water Company, is hereby cancelled. Linadale Water Company shall return the Certificate to this Commission within 30 days of the date of this Order for cancellation. It is further

ORDERED that Certificate No. 363-W, held by Sunshine Utilities of Central Florida, Inc., is hereby amended to include the territory shown on Attachment A of this Order, which by reference is incorporated herein. It is further

ORDERED that we hereby decline to initiate a show cause proceeding against Linadale Water Company for failure to notify this Commission of the destruction of its books and records pursuant to Rule 25-30.110(1)(a), Florida Administrative Code, for reasons set forth in the body of this Order. It is further

ORDERED that we hereby decline to initiate a show cause proceeding against Linadale Water Company for collecting customer deposits and initial connection charges not approved in its tariff for reasons set forth in the body of this Order. It is further

ORDERED that unclaimed refunds and accrued interest in the amount of \$1,424 shall be credited to contributions-in-aid-of-construction, pursuant to Rule 25-30.360(8), Florida Administrative Code. It is further

ORDERED that we hereby decline to initiate a show cause proceeding against Linadale Water Company for serving outside of it

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certificated territory for reasons set forth in the body of this Order. It is further

ORDERED that rate base, for purposes of the transfer which reflects the net book value of the water system, is \$1,566 as of November 15, 2001. Our calculation of rate base is shown on Schedule 1 of this Order, with adjustments set forth on Schedule 2. It is further

ORDERED that all matters contained in the schedules attached hereto are incorporated herein by reference. It is further

ORDERED that no acquisition adjustment is included in the calculation of rate base. It is further

ORDERED that Sunshine Utilities of Central Florida, Inc. shall continue to charge the customers of the utility the rates and charges approved in Linadale Water Company's tariff until authorized to change by this Commission in a subsequent proceeding. It is further

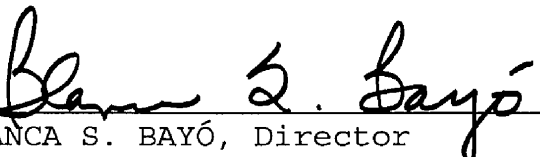
ORDERED that the revised tariff filed by Sunshine Utilities of Central Florida, Inc. shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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.

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By ORDER of the Florida Public Service Commission this 20th
day of December, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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 the transfer and declining to include an acquisition adjustment in the calculation of rate base is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and

Administrative Services, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2003. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating 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.

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 the Commission Clerk and Administrative Services 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 wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services 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

**LINADALE WATER COMPANY
WATER TERRITORY DESCRIPTION**

SANDY ACRES

TOWNSHIP 17 SOUTH, RANGE 26 EAST, MARION COUNTY

SECTIONS 29,30,31 AND 32

The West 1/3 of the Southwest 1/4 of said Section 29.
The East 1/4 of said Section 30 lying South of State Highway 42.
The Northeast 1/4 of the Northeast 1/4 of said Section 31.
The West 2/3 of the Northwest 1/4 of said Section 32.

SCHEDULE 1

LINADALE WATER COMPANY
(SANDY ACRES SYSTEM)
SCHEDULE OF WATER RATE BASE
AS OF NOVEMBER 15, 2001

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>		<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$78,642	\$ 19,275	A	\$97,917
Land	0	290	B	290
Contributions in Aid of Construction (CIAC)	0	(52,280)	C	(52,280)
Accumulated Depreciation (67,372)		(20,284)	D	(87,656)
Amortization of CIAC	<u>0</u>	<u>43,295</u>	E	<u>43,295</u>
WATER RATE BASE	<u>\$ 11,270</u>	<u>\$ (9,704)</u>		<u>\$ 1,566</u>

SCHEDULE 2

LINADALE WATER COMPANY
SCHEDULE OF WATER RATE BASE ADJUSTMENTS
AS OF NOVEMBER 15, 2001

<u>EXPLANATION</u>	<u>ADJUSTMENTS</u>
A Utility Plant-in-Service	
1) To record plant per Docket. No. 881361-WU	\$12,921
2) To record hydropneumatic tank	9,324
3) To retire tank	(1,207)
4) To remove office furniture	<u>(1,763)</u>
TOTAL	<u>\$19,275</u>
B Land	
1) To record land cost	290
C Contributions-in-Aid-of-Construction (CIAC)	
1) To record CIAC per Docket No. 881361-WU	(\$43,056)
2) To impute CIAC for additional 52 customers	(7,800)
3) To imputed CIAC for unclaimed refunds	<u>(1,424)</u>
TOTAL	<u>(\$52,280)</u>
D Accumulated Depreciation	
1) To remove depreciation on office furniture	\$1,476
2) To retire tank	1,207
3) To record depreciation on unrecorded assets	<u>(22,967)</u>
TOTAL	<u>\$20,284</u>
E Accumulated Amortization of CIAC	
1) To record amortization per Docket No. 881361-WU	\$12,686
2) To record additional amortization on imputed CIAC	<u>30,609</u>
TOTAL	<u>\$43,295</u>