

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for transfer of facilities of South Pasco Utilities, Inc. in Pasco County to Parrish Properties V, LLC, and for cancellation of Certificates 535-W and 466-S. | DOCKET NO. 060060-WS
ORDER NO. PSC-06-0381-FOF-WS
ISSUED: May 8, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER APPROVING TRANSFER OF FACILITIES
AND CANCELING CERTIFICATES

BY THE COMMISSION:

Background

South Pasco Utilities, Inc. (South Pasco or utility) is a Class C water and wastewater utility located in Pasco County. By Order No. 24641, issued June 10, 1991, this Commission granted the utility Certificate Nos. 535-W and 466-S, which authorized it to serve a recreational vehicle park that had 260 unmetered water and wastewater connections and a planned development for an additional 236 connections.¹ The planned development for the additional 236 connections was never built. The utility is located in the Southwest Florida Water Management District and is in a water use caution area. The utility's 2004 annual report shows a combined water and wastewater annual operating revenue of \$20,500 and a net operating loss of \$10,973.

On January 24, 2006, Parrish Properties V, LLC (Parrish Properties or buyer) filed an application for authority to transfer and cancel the water and wastewater certificates of authorization for South Pasco. The buyer's plan is to serve only the recreational vehicle park and its common area. Parrish Properties acquired the utility in a Purchase and Sale Agreement reassignment that had originally been entered into with Gulfside LLC, Hillcrest RV Resort, Inc. (Hillcrest Resort or the Park), and South Pasco in 2004. Gulfside LLC amended the Purchase and Sale Agreement with the above parties by assigning its interest to Parrish Properties on December 17, 2004. Parrish Properties purchased South Pasco and the Hillcrest Resort for a total price of \$5,550,000 on February 1, 2005. The utility's facilities were transferred with a bill

¹ Docket No. 900519-WS, In Re: Application for water and sewer certificates in Pasco County by South Pasco Utilities, Inc.

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of sale to the applicant's affiliate Parrish Properties VI, LLC, because historically, the utility and the Park have been treated as separate entities.

On January 17, 2006, the applicant determined that the utility qualifies for exemption from Commission regulation and that it is not necessary to treat the two entities separately. As a result, the utility was transferred from Parrish Properties VI, LLC back to Parrish Properties V, with a bill of sale. The applicant notified the Commission that it is exempt from regulation, since the Park residents receive water and wastewater service pursuant to Section 367.022(5), Florida Statutes, as a landlord providing service without receiving specific compensation for the service. Further, the applicant does not intend to provide service outside the park.

This Order addresses the transfer of South Pasco to Parrish Properties and whether operations of the utility subsequent to transfer are exempt from Commission regulation pursuant to Section 367.022(5), Florida Statutes. We have jurisdiction over the transfer pursuant to Section 367.071, Florida Statutes.

Transfer and Cancellation of Certificates

As stated above, Parrish Properties applied for transfer of the facilities of South Pasco in Pasco County to Parrish Properties and for cancellation of water and wastewater Certificate Nos. 535-W and 466-S on January 24, 2006. The closing took place on February 1, 2005, contingent upon approval of this Commission.

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and rules concerning an application for transfer. Pursuant to Rule 25-30.030, Florida Administrative Code, the application contains proof of compliance with the noticing provisions. No objections to the notice of application have been received and the time for filing such has expired.

A copy of the purchase agreement is included in the application which includes the sales price, terms of payment, and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, or leases that must be disposed of in relation to the transfer. The sale was a cash transaction. A copy of a recorded warranty deed was provided in the application, transferring the land upon which the utility treatment facilities are located to Parrish Properties.

Parrish Properties indicated that the transfer is in the public interest because it is the sole customer, and the Park and the Park's residents will continue to receive the same quality service to which they are accustomed. The applicant stated it will fulfill all of its commitments, obligations and representation with regard to utility matters. In addition, Parrish Properties is retaining the operating staff of the utility which has been in place for more than four years. The operator is a State of Florida licensed water and wastewater operator. Our staff has confirmed with the Florida Department of Environmental Protection (DEP) that the utility is currently in environmental compliance with respect to DEP standards.

As mentioned earlier, South Pasco was originally certificated to provide water and wastewater service to a recreational vehicle park and a small development of 239 connections consisting of residential and general service customers. Currently, the utility bills the recreational vehicle park as a bulk customer and the cost of water and wastewater service is included in the lot rent to the individual lots. The development adjacent to the park was never developed. Therefore, according to the application the utility is exempt from our regulation, because the Park residents receive water and wastewater service pursuant to Section 367.022(5), Florida Statutes, as a landlord providing service without receiving specific compensation for the service.

Also, South Pasco has no outstanding regulatory assessment fees and no fines or refunds are owed. The utility has filed its 2004 annual report and paid its 2004 RAFs and there are no outstanding penalties and interest. South Pasco has paid its water and wastewater RAFs for the period of January 1, 2005 through January 31, 2005. Because the transfer occurred on February 1, 2005, and was to an exempt entity, no further RAFs are required. South Pasco is not required to file an annual report for the period of January 1, 2005, through January 31, 2005, because of the exempt status of Parrish Properties V, LLC.

Based on the above, we find that the transfer of South Pasco's facilities to Parrish Properties, an exempt entity pursuant to Section 367.022(5), Florida Statutes, is in the public interest and is approved, and Certificate Nos. 535-W and 466-S shall be canceled effective the date of our vote. In addition, Parrish Properties V, LLC or any successors in interest, shall be put on notice that if there is a change in circumstance or method of operation which causes the utility to no longer qualify for exemption pursuant to Section 367.022, Florida Statutes, it shall inform the Commission within 90 days.

Based on the foregoing, it is

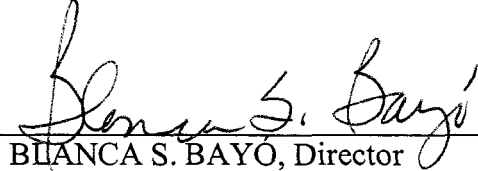
ORDERED by the Florida Public Service Commission that the transfer of the facilities of South Pasco Utilities, Inc. to Parrish Properties V, LLC, an exempt entity pursuant to Section 367.022(5), Florida Statutes, is in the public interest and is approved. It is further

ORDERED that Certificate Nos. 535-W and 466-S shall be canceled effective the date of our vote. It is further

ORDERED that Parrish Properties V, LLC, or any successors in interest, shall be put on notice that if there is a change in circumstance or method of operation which causes the utility to no longer qualify for exemption pursuant to Section 367.022, Florida Statutes, it shall inform the Commission within 90 days. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 8th day of May, 2006.



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

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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.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/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.