

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for transfer of majority organizational control of C.F.A.T. H2O, Inc., holder of Certificates 552-W and 481-S in Marion County, from Ronald Chase to Floyd and Eugenia Segarra and Charles deMenzes.

DOCKET NO. 060028-WS
ORDER NO. PSC-06-0593-FOF-WS
ISSUED: July 7, 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

FINAL ORDER
APPROVING TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL

BY THE COMMISSION:

BACKGROUND

C.F.A.T. H2O, Inc., (CFAT or utility) is a Class C utility providing water and wastewater service to approximately 218 residential service customers in Marion County. The utility is in a water use caution area of the St. Johns River Water Management District. The utility was originally part of Trade Winds Utilities, Inc., and has been transferred several times.¹ The utility's 2005 annual report shows gross revenues of \$41,668 and \$91,408 and net operating losses of \$3,370 and \$3,178 for water and wastewater, respectively.

On January 10, 2006, an application was filed for the transfer of majority organizational control of the utility from Ronald Chase to Floyd and Eugenia Segarra and Charles deMenzes (buyers). The applicants corrected deficiencies in the application on May 4, 2006. A description of the territory being transferred is appended to this Order as Attachment A.

¹ Trade Winds was granted certificates pursuant to Order No. 12184, issued July 1, 1983, in Docket No. 830110-WS, In re: Application of Trade Winds Utilities, Inc., for original water and sewer certificates to operate a utility system in Marion County, Florida. The water and wastewater systems for two subdivisions currently served by CFAT were amended to Tradewinds pursuant to Order No. 19688, issued July 19, 1988, in Docket No. 880552-WS, In re: Application by Tradewinds Utilities, Inc. for amendment to Certificates Nos. 405-W and 342-S in Marion County, Florida. Subsequently, the two systems were transferred pursuant to Order No. PSC-93-0368-FOF-WS, issued March 9, 1993, in Docket No. 921260-WS, In re: Application for certificates to provide water and wastewater service in Marion County by the Resolution Trust Corporation and for amendment of Certificates Nos. 405-W and 342-S by Tradewinds Utilities, Inc. to reflect transfer of territory. and Order No. PSC-94-0701-FOF-WS, issued June 8, 1994, in Docket No. 931080-WS, In re: Application for Transfer of Certificates Nos. 552-W and 481-S from the Resolution Trust Corporation to C.F.A.T. H2O, Inc. in Marion County.

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FPSC-COMMISSION CLERK

We have jurisdiction over this matter pursuant to section 367.071, Florida Statutes. For the reasons explained below we find that the transfer of majority organizational control of CFAT, holder of Certificate Nos. 552-W and 481-S, to Floyd and Eugenia Segarra and Charles deMenzes is in the public interest and we approve it effective June 20, 2006. The buyers shall be responsible for all regulatory assessment fees and annual reports for 2006 and the future. The tariff pages reflecting the transfer shall be effective for services provided or connections made on or after the stamped approval date on the tariff sheets.

DECISION

As stated above, the buyers applied for a transfer of majority organizational control of C.F.A.T. H2O, Inc. to Floyd and Eugenia Segarra and Charles deMenzes on January 10, 2006. The closing occurred on August 31, 2005. Pursuant to the restated and amended stock purchase agreement, the sale was made contingent upon Commission approval. The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and Rule 25-30.037(3), Florida Administrative Code, pertaining to an application for transfer of majority organizational control. The application contained the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

The application for transfer of majority organizational control contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to this application were received, and the time for the filing of such objections has expired. The utility has provided proof of ownership of the land upon which its facilities are located, in the form of a special warranty deed from the Resolution Trust Corporation.

The utility is current on annual reports and regulatory assessment fees (RAFs) through 2005. The buyers are responsible for filing the annual report and RAFs for 2006 and future years. Mr. deMenzes provided a statement that the utility's books and records are maintained pursuant to the National Association of Utility Commissioners Uniform System of Accounts.

Pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the application contained a statement that the buyers performed a reasonable investigation of the utility system. The Florida Department of Environmental Protection (DEP) has confirmed that the utility's water and wastewater systems are currently in environmental compliance with respect to DEP standards.

The original owners of CFAT were: Peter A. Tamburo with 48 shares; John Fannon with 48 shares; and, Ronald Chase with 104 shares. Charles deMenzes purchased Mr. Tamburo's shares on January 1, 2000, for \$25,000. The buyers purchased Mr. Chase's shares on August 31, 2005, for \$140,000. Mr. Fannon sold his shares to Mr. deMenzes on August 22, 2005, for \$65,000. The 200 shares of corporate stock, purchased for a total of \$230,000, are now evenly divided with Floyd and Eugenia Segarra having 100 shares and Charles deMenzes having 100 shares.

The application contained a statement of how the transfer is in the public interest including a summary of the buyers' experience in water operations. The application also

included a showing of the buyers' financial ability to provide service. The transfer is in the public interest because the customers will continue to receive service from the utility although the former owners have died or no longer have the desire or capacity to own or operate the utility.

For a showing of financial ability, the application included a February 15, 2006, financial statement of Floyd and Eugenia Segarra and a February 14, 2006, financial statement of Charles deMenzes. The financial statements indicate that the buyers have adequate funds to support the utility. Finally, the buyers provided a statement of intent to fulfill the commitments, obligations, and representations of the sellers with regard to utility matters.

Charles deMenzes has demonstrated his technical ability by serving as president of three other utilities under the Commission's jurisdiction, including Tradewinds Utilities, Inc., Residential Water Systems, Inc., and BFF Corp. Mr. deMenzes is currently serving as president of CFAT.

CFAT's rates and charges were established in 1993² and received a price index adjustment in 1999. Rule 25-9.044(1), Florida Administrative Code, provides that in the case of change of ownership or control of a utility, the rates, classification, and regulations of the former owners must continue unless authorized to change by the Commission. The buyers have not requested a change; therefore, the existing rates and charges shown on Attachment B to this Order shall continue in effect.

Based on all of the above, we find that the transfer of majority organizational control of CFAT, holder of Certificate Nos. 552-W and 481-S, to Floyd and Eugenia Segarra and Charles deMenzes is in the public interest and we approve it, effective June 20, 2006. The buyers shall be responsible for all regulatory assessment fees and annual reports for 2006 and the future. The tariff pages reflecting the transfer shall be effective for services provided or connections made on or after the stamped approval date on the tariff sheets.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Application for transfer of majority organizational control of C.F.A.T. H2O, Inc., holder of Certificates 552-W and 481-S in Marion County, from Ronald Chase to Floyd and Eugenia Segarra and Charles deMenzes is approved, effective June 20, 2006. It is further

ORDERED that CFAT shall continue to charge its current rates and charges until the Commission authorizes a change. It is further

² Order No. PSC-93-0900-FOF-WS, issued June 14, 1993, in Docket No. 921260-WS, In re: Application for certificates to provide water and wastewater service in Marion County by the Resolution Trust Corporation and for amendment of Certificates Nos. 405-W and 342-S by Tradewinds Utilities, Inc. to reflect transfer of territory.

ORDERED that since no timely protest to this transfer of majority organizational control was filed within the time prescribed by section 367.045(3), Florida Statutes, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 7th day of July, 2006.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

MCB

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.

Attachment A

C.F.A.T. H2O, Inc.
Territory Description

The following described lands located in portions of Sections 16 and 21, Township 14 South, Range 22 East, Marion County, Florida:

Section 16: Southwest 1/4 of Southeast 1/4, except the North 475 feet; Southeast 1/4 of Southeast 1/4; South 3 chains of Northeast 1/4 of Southeast 1/4.

Section 21: East 1/2 of Northeast 1/4.

C.F.A.T. H2O, Inc.

	Water	Wastewater
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Monthly Service Rates

Residential Service

All Meter Sizes	\$9.16	\$13.78
Charge per 1,000 gallons *10,000 gallons maximum	\$1.50	\$3.79*

General Service

Meter Size:		
5/8" x 3/4"	\$ 9.16	\$ 13.78
1"	22.92	34.43
1 1/2"	45.84	68.88
2"	73.34	110.21
3"	146.69	220.40
4"	229.20	344.39
Charge per 1,000 gallons	\$1.50	\$3.79

Miscellaneous Service Charges

	Regular	After Hours	Regular	After Hours
Initial Connection Fee	\$10.00	12.00	\$10.00	\$12.00
Normal Reconnection Fee	15.00	20.00	15.00	20.00
Violation Reconnection Fee	20.00	25.00	Actual Cost	Actual Cost
Premises Visit Fee (in lieu of disconnection)	15.00	N/A	15.00	N/A

Service Availability Charges

Meter Installation Fee	
5/8" x 3/4"	\$100.00
1"	130.00
1 1/2"	180.00
2" or over	Actual Cost