

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of majority organizational control of Pasco Utilities, Inc., holder of Certificate No. 168-W in Pasco County, to Gary Deremer and Cecil Delcher.

DOCKET NO. 080180-WU
ORDER NO. PSC-08-0626-FOF-WU
ISSUED: September 24, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

ORDER APPROVING TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL

BY THE COMMISSION:

Background

Pasco Utilities, Inc. (Pasco Utilities or utility) is a Class C utility providing water service to approximately 694 residential customers in Pasco County. The utility is in the Northern Tampa Bay Water Use Caution Area of the Southwest Florida Water Management District (SWFWMD). The utility's 2007 annual report shows an annual operating revenue of \$142,125 and a net operating loss of \$6,513.

We granted the utility Certificate No. 168-W in 1974.¹ Since then we have approved one amendment to the utility's service territory.²

On March 27, 2008, Gary Deremer and Cecil Delcher (buyers) submitted an application for the transfer of majority organizational control of the utility from Maynard Fernandez (seller). On January 28, 2008, the seller and the buyers entered into an agreement which provides that the buyers would purchase 100% of the 240 shares of common stock in the utility, with 122 shares to Mr. Deremer and 118 shares to Mr. Delcher. The closing took place subject to our approval.

The purpose of this order is to address the application for transfer of majority organizational control. We have jurisdiction to consider this matter pursuant to Section 367.071, Florida Statutes.

¹ Order No. 6078, issued March 20, 1974, in Docket No. 73625-W, In Re: Application of Pasco Utilities, Inc., for a certificate to operate water system in Pasco County, Florida.

² Order No. 14518, issued June 27, 1985, in Docket No. 840385-WU, In re: Application of Pasco Utilities, Inc. for amendment of water Certificate No. 168-W to include additional territory in Pasco County, Florida.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Decision

Pursuant to Section 367.071, Florida Statutes, on March 27, 2008, the buyers applied for a transfer of majority organizational control of Pasco Utilities as a result of the purchase of all of the corporation's stock. As stated above, the agreement was executed, and closing occurred on January 28, 2008. Pursuant to Section 367.071(1), Florida Statutes, the agreement for the transfer of majority organizational control was made contingent upon our approval.

We find that 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. A description of the territory granted to Certificate No. 168-W is appended to this order as Attachment A.

We find the application 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. A copy of the recorded warranty deed, in the name of Pasco Utilities, Inc., for the land on which the water treatment facilities are located was provided to us.

We have verified that the utility is current on filing its annual reports and regulatory assessment fees (RAFs) through 2007. The utility shall continue to be responsible for filing annual reports and RAFs for 2008 and future years.

The application contains a statement that the buyers performed a reasonable investigation of the utility system. We have confirmed with the Florida Department of Environmental Protection (DEP) that the utility's water system is currently in environmental compliance with respect to DEP standards. We have also confirmed that the utility is in good standing with the SWFWMD.

According to the application, the utility was established many years ago and has been maintained as a family owned entity since that time. The family no longer wishes to own the utility. The buyers have many years of experience in owning and operating Commission regulated private water utilities.³ They believe their knowledge and experience will benefit the local service area and enhance the management of the utility. In addition, the buyers provided a statement of intent to fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

The utility's rates and charges were established pursuant to Order No. PSC-07-0425-PAA-WU.⁴ Rule 25-9.044(1), Florida Administrative Code, provides that in the case of change

³ Mr. Deremer also owns Dixie Groves Utility Company (Certificate No. 139-W), Holiday Utility Company, Inc. (Certificate No. 224-W), and Virginia City Utility Company (Certificate No. 149-W). Mr. Deremer and Mr. Delcher own Colonial Manor Utility Company (Certificate No. 153-W).

⁴ Order No. PSC-07-0425-PAA-WU, issued May 15, 2007, in Docket No. 060599-WU, In re: Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.; consummated by Order No. PSC-07-0496-CO-WU, issued June 11, 2007.

of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by us. The new owner has not requested a change; therefore, the existing rates and charges shown on Attachment B to this order shall continue to be in effect. As stated in Order No. PSC-07-0425-PAA-WU, in which the utility's rates were recently established "Section 367.0816, F.S., requires that the rates be reduced immediately following the expiration of the four year period by the amount of the rate case expense previously included in the rates." Therefore, the rates shall be reduced in 2011 reflecting the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees, as set forth in Order No. PSC-07-0425-PAA-WU.

Based on the above, we find that the transfer of majority organizational control of Pasco Utilities, Inc., and Certificate No. 168-W, to Gary Deremer and Cecil Delcher is in the public interest and is approved effective September 4, 2008. This order shall serve as the utility's water certificate and shall be retained by the utility. 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 that the transfer of majority organizational control of Pasco Utilities, Inc. from Maynard Fernandez, 2700 North MacDill Avenue, #115, Tampa, FL, 33607, to Gary Deremer and Cecil Delcher, 4939 Cross Bayou Boulevard, New Port Richey, FL 34652, is hereby approved. It is further


ORDERED that the existing rates and charges shown on Attachment B shall continue in effect. It is further

ORDERED that the rates shall be reduced in 2011 reflecting the removal of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees. It is further

ORDERED that this order shall serve as the utility's water certificate and shall be retained by the utility. It is further

ORDERED that 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.

By ORDER of the Florida Public Service Commission this 24th day of September, 2008.



ANN COLE
Commission Clerk

(S E A L)

JEH

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 Office of Commission Clerk, 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 Office of Commission Clerk, 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.

PASCO UTILITIES, INC.
DESCRIPTION OF TERRITORY SERVED
PASCO COUNTY
WATER SERVICE

The following areas located within Township 26 South, Range 19 East:

Section 02:

All of Section 02.

Section 11:

The Northern 1/4 of said Section 11.

Section 12:

The Northern 1/4 of said Section 12 lying West of Pasco Road.

FLORIDA PUBLIC SERVICE COMMISSION

authorizes

Pasco Utilities, Inc.
pursuant to
Certificate Number 168-W

to provide water service in Pasco County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
6078	03/20/74	73625-W	Original Certificate
14518	06/27/85	840385-WU	Amendment
PSC-08-0626-FOF-WU	09/24/08	080180-WU	Transfer of Majority Organizational Control

Pasco Utilities, Inc.

Monthly Water Service Rates

Residential and General Service

Meter Size:	
5/8" x 3/4"	\$ 5.62
3/4"	8.43
1"	14.05
1 1/2"	28.10
2"	44.96
3"	89.92
4"	140.50
6"	281.00
Gallonage Charge per 1,000 gallons	\$2.05

Customer Deposits

Residential 5/8" x 3/4"	\$25.00
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Miscellaneous Service Charges

	Normal Hours	After Hours
Initial Connection Fee	\$22.00	N/A
Normal Reconnection Fee	22.00	\$44.00
Violation Reconnection Fee	22.00	44.00
Premises Visit Fee	22.00	44.00

Service Availability Charges

Main Extension Charge	\$250.00
Meter Installation Charge 5/8"x3/4"	125.00