

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of) DOCKET NO. 890348-WU
Certificate No. 114-W from Imperial)
Mobile Terrace to Southern States) ORDER NO. 21636
Utilities, Inc. in Lake County,)
Cancellation of That Certificate and) ISSUED: 7-31-89
Amendment of Certificate No. 106-W.)
_____)

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
BETTY EASLEY
JOHN T. HERNDON
GERALD L. GUNTER

ORDER APPROVING TRANSFER AND AMENDING
CERTIFICATE NO. 106-W

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE, AUTHORIZING THE COLLECTION
OF SOUTHERN STATES UTILITIES, INC.'S UNIFORM SERVICE
AVAILABILITY CHARGES AND AUTHORIZING CUSTOMER DEPOSITS

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is final except for the establishment of rate base, allowance of the collection of Southern States Utilities, Inc.'s uniform service availability charges and authorization of customer deposits, which are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On March 8, 1989, an application was filed requesting the transfer of assets from Imperial Mobile Terrace (Imperial or Utility) to Southern States Utilities, Inc. (Southern States). The application also requested amendment of Certificate No. 106-W, currently held by Southern States, to include the territory served by Imperial.

DOCUMENT NUMBER-DATE
07646 JUL 31 1989
FPSC-RECORDS/REPORTING

The Utility serves Imperial Mobile Home Park-West in Tavares, Florida. There are approximately 225 mobile homes in the park.

The customers were notified by correspondence dated July 6, 1988 of the proposed transfer. On July 12, 1988, the Commission received an inquiry from Imperial Terrace West Homeowners Association, Inc. as to why the homeowners association was not extended the right of "First Refusal." Mr. Muras, President of the homeowners association, was advised that it is the Circuit Court in Lake County, not the Commission, which has the jurisdiction and the power to enforce the right of first refusal. Section 723.074, Florida Statutes.

Although Southern States violated Section 367.071(1), Florida Statutes, and Rule 25-30.040, Florida Administrative Code, by closing on the sale of the Utility before obtaining Commission approval, we will not initiate a show cause proceeding since we were informed in advance of the negotiations between Imperial and Southern States.

Application

The application is otherwise in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of facilities. In particular, the notarized application contains:

- a) One check totaling \$150 which, upon calculation, equates to the correct filing fee as prescribed by Section 367.141, Florida Statutes.
- b) Adequate service territory description pursuant to Rule 25-30.035(i), Florida Administrative Code. Said territory to be served is described as being in Lake County, and more particularly as described in Attachment A attached.
- c) Proof of notice to all customers of record pursuant to Rule 25-30.030(g), Florida Administrative Code.

- d) Proof of notice to all interested governmental and regulatory agencies, and all utilities within a four-mile radius of the territory to be served, and proof of advertisement in a newspaper of general circulation in the county, as prescribed by Rule 25-30.030, Florida Administrative Code.
- e) Evidence that the Utility owns the land on which the Utility's facilities are located as required by Rule 25-30.035(3)(f), Florida Administrative Code.

Southern States did not file its application in accordance with Rule 25-30.030(2), Florida Administrative Code, which requires a utility to file its application no later than 180 days after noticing. Upon renoticing, Southern States did not receive any objections to the proposed transfer and the time for filing such has expired.

On May 8, 1989, we conducted a plant site inspection of Imperial Mobile Terrace. At the time of inspection, the facilities, with the exception of the right angle manual engine connected to the pump, were operating satisfactorily. Southern States plans to replace this engine with an automatic generator, which is on order. The Department of Environmental Regulation (DER) currently has no outstanding notice of violation actions on the system.

Since the previous owner no longer desires to be in the utility business and because Southern States has extensive experience and the financial resources to provide the customers of Imperial with quality service, we find that the transfer is in the public interest and should be approved.

Currently, Southern States holds Certificate No. 106-W to provide water service in Lake County. Southern States is directed to return Certificate No. 106-W for amendment to include the territory described in Attachment A of this Order. Certificate No. 114-W, held by Imperial, shall be returned to this Commission by August 21, 1989 for cancellation.

Rate Base

Southern States submitted \$24,486 as Imperial's rate base. Upon auditing the Imperial's books and records, we find rate base to be \$20,493. We have adjusted the Utility's rate base accordingly.

We adjusted Utility Plant-in-Service (UPIS) to reflect the original cost. In 1980, the Commission did an original cost study to determine plant. Since the Utility did not record plant on its books in accordance with the original cost study, plant was understated by \$2,118. We increased plant accordingly; therefore, UPIS is found to be \$69,841.

In addition, land has been adjusted to reflect the original cost. Although the Utility owns the land where the plant is located, land has never been recorded on the Utility's books. The annual reports indicate the Utility was originally organized in 1965. A review of the Lake County Courthouse records reflects a 1965 sale of land in the same subdivision and "Block" in the amount of \$3,500 for 5,100 square feet. The utility plant site is 10,275 square feet; therefore, land, in accordance with our calculation, is \$7,000 ($\$3,500 \times 10,275/5,100$).

We have adjusted accumulated depreciation to reflect the 2.5% rate approved by the Commission. The Utility used an accelerated depreciation method which caused accumulated depreciation to be overstated by \$12,506. Accumulated depreciation is, therefore, adjusted to the appropriate level of \$26,731.

We have adjusted contributions-in-aid-of-construction (CIAC) to reflect the cost of mains expensed to cost of land sales by the original owner. The original cost of these mains was determined to be \$50,000; CIAC has been increased accordingly. Additionally, CIAC has been increased by \$314 to reflect customer contributions for the cost of the meters and meter installations. As a result of the adjustments, CIAC is \$50,314.

CIAC amortization has been adjusted to reflect amortization not recorded on the Utility's books. CIAC

amortization, calculated using 2.5% Commission approved rate, is \$20,697.

The adjustments result in a \$7,993 reduction to the Utility's rate base. Accordingly, rate base for Imperial is \$20,493 as of July 1, 1988, the date of transfer. Our calculation of rate base is shown on Schedule No. 1, with adjustments shown on Schedule No. 2.

The rate base calculation for Imperial does not include the normal rate making adjustments of working capital calculations and used and useful adjustments. The rate base calculation is used purely to establish the book value of the property being transferred.

Rates and Charges

The present rates approved for Imperial are as follows:

Water

(Quarterly Rates)

Residential and General Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 7.89
1"	19.73
Charge Per 1,000 Gallons	\$.48

Rule 25-9.044(1), Florida Administrative Code, governs rates charged when ownership of a regulated utility changes. This rule requires that when a system is transferred the new owner shall adopt and use the rates and charges previously approved for the Imperial. Southern States has not requested a change in the rates and we see no reason to change them at this time. Therefore, Southern States shall continue to charge the rates and charges currently approved for the customers of Imperial.

Service Availability and Miscellaneous
 Service Charges

Although Imperial's tariff does not provide for any miscellaneous service charges, the tariff does include the following service availability charges:

Water

<u>Meter Installation Charge</u>	<u>Amount</u>
3/4" x 5/8"	\$ 22.50
Over 3/4" x 5/8"	One-half Actual Cost

In its application, Southern States requested that it be allowed to charge its uniform service availability and miscellaneous service charges, which are as follows:

SERVICE AVAILABILITY CHARGES
Meter Installation Fees

5/8" x 3/4"	\$ 75.00
3/4"	85.00
1"	100.00
1 1/2"	175.00
2" and above	Actual Cost

Tap Fees

	<u>Water</u>	<u>Sewer</u>
Short Service	\$150.00	\$350.00
Long Service	175.00	450.00
Long Service Paved	200.00	650.00

MISCELLANEOUS SERVICE CHARGES

<u>Type of Charge</u>	<u>During Regular Working Hours</u>	<u>After Regular Working Hours</u>
Initial Connection	\$10.00	\$15.00
Normal Reconnection	10.00	15.00
Violation Reconnection	10.00	15.00
Premises Visit Charge	5.00	N/A

Southern States filed evidence that it completed the proper newspaper noticing of these proposed charges and has provided notice to individuals of record who have requested information relating to the service availability fees. We find Southern States' request to charge its uniform charges to be reasonable and it is, therefore, approved. The charges shall be effective for connections or service provided on or after the effective date of this Order, subject to the filing and approval by Commission Staff of appropriate tariff sheets.

Customer Deposits

According to Imperial's tariff, no customer deposits are collected. Southern States has requested that it be allowed to collect a deposit of \$35.00, which is in compliance with Rule 25-30.311, Florida Administrative Code. We find this request to be reasonable and it is approved.

Southern States shall file revised tariff sheets by August 10, 1989, incorporating the rates and charges and territory description into its water tariff.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the utility's rate base at the date of transfer. In the absence of extraordinary circumstances, it has been Commission policy that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange are not extraordinary or unusual nor has Southern States requested an acquisition adjustment; therefore, a positive acquisition adjustment is not included in rate base.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificate No. 114-W from Imperial Mobile Terrace, 25 Hickory Lane, Tavares, Florida 32778, to Southern States Utilities, Inc., 1000 Color Place, Apopka, Florida 32703, is hereby approved. It is further

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ORDERED that Certificate No. 106-W, held by Southern States, shall be returned to this Commission within 30 days for amendment to include the territory described in Attachment A of this Order. It is further

ORDERED that Certificate No. 114-W, held by Imperial, shall be returned to this Commission by August 21, 1989, for cancellation. It is further

ORDERED that rate base, for purposes of the transfer which reflects the net book value, is \$20,493. It is further

ORDERED that Southern States shall continue to charge the rates previously approved by this Commission for the customers of Imperial. It is further

ORDERED that Southern States' request to collect its uniform service availability charges and miscellaneous service charges as set forth in the body of this Order is hereby approved. It is further

ORDERED that Southern States' request to collect a \$35.00 customer deposit is hereby approved. It is further

ORDERED that Southern States shall file revised tariff sheets reflecting the territory served by Imperial and the rates and charges set forth in the body of this Order. The tariff sheets shall be filed by August 10, 1989. 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 August 21, 1989. 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 31st day of July, 1989.



STEVE TRIBBLE Director
Division of Records and Reporting

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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, allowing the collection of Southern States' uniform service availability charges and authorizing customer deposits are 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

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August 21, 1988. In the absence of such a petition, this order shall become effective August 22, 1988, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent 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.

If the relevant portion of this order becomes final and effective on August 22, 1988, 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.

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ATTACHMENT A

Southern States Utilities, Inc.
Lake County
Service Territory Description
(Imperial Mobile Terrace)

In Township 19 South, Range 25 East

Section 25

Begin at the Northeast corner of Gov. Lot 7 in Section 25, Township 19 South, Range 25 East; thence run South 0 degrees 1 minute East 660.71 feet; thence South 89 degrees 50 minutes 10 seconds West 661.31 feet; thence North 7 degrees 53 minutes 40 seconds West 24.01 feet; thence North 61 degrees 28 minutes 20 seconds West 308.02 feet; thence South 80 degrees 31 minutes 30 seconds West 360.43 feet; thence North 84 degrees 29 minutes 10 seconds West 340.52 feet; thence South 67 degrees 53 minutes 50 seconds West 505.97 feet; thence South 37 degrees 31 minutes 10 seconds West 777.16 feet; thence South 89 degrees 58 minutes 10 seconds West 450.74 feet; thence North 0 degrees 1 minute West 1323.23 feet; thence North 89 degrees 58 minutes West 3045.18 feet more or less to the Point of Beginning.s

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SCHEDULE NO. 1

IMPERIAL MOBILE TERRACE
SCHEDULE OF RATE BASE
AS OF JULY 1, 1988

<u>Description</u>	<u>Balance per Utility</u>	<u>Commission Adjustment</u>	<u>Balance Per Commission</u>
Utility Plant-in-Service	\$67,723	\$ 2,118(1)	\$69,841
Land	0	7,000(2)	7,000
Accumulated Depreciation	(39,237)	12,506(3)	(26,731)
Contributions-in-aid-of-Construction	0	(50,314)(4)	(50,314)
CIAC Amortization	<u>0</u>	<u>20,697(5)</u>	<u>20,697</u>
Total	<u>\$20,486</u>	<u>\$(7,993)</u>	<u>\$20,493</u>

IMPERIAL MOBILE TERRACE
RATE BASE ADJUSTMENTS

<u>Explanation</u>	<u>Adjustment</u>
<u>Utility Plant-in-Service</u>	
1) To reflect plant per original cost study.	<u>\$2,118</u>
<u>Land</u>	
2) To reflect original cost of land.	<u>\$7,000</u>
<u>Accumulated Depreciation</u>	
3) To recalculate accumulated depreciation using 2.5% rate approved by the Commission.	<u>\$12,506</u>
<u>Contributions-in-aid-of-Construction</u>	
4) To reflect cost of mains expensed to cost of land sales and to reflect customer's cost for meters.	<u>\$(50,000)</u> <u>(314)</u> <u>\$(50,314)</u>
<u>CIAC Amortization</u>	
5) To reflect amortization not recorded on utility's books using 2.5% rate approved by the Commission.	<u>\$20,697</u>