

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of)	DOCKET NO. 900312-WU
Certificate No. 396-W from Utility)	ORDER NO. 23880
Systems, Inc. to Windstream Utilities)	ISSUED: 12-14-90
Company in Citrus County.)	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER APPROVING TRANSFER, GRANTING CERTIFICATE AND
 APPROVING RATES AND CHARGES

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE FOR PURPOSES
 OF THIS TRANSFER

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, which is 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 April 24, 1990, Windstream Utilities Company (Windstream) filed an application with this Commission requesting the transfer of Certificate No. 396-W and the Dunnellon Hills system in Citrus County from Utility Systems, Inc. (Utility Systems). Utility Systems originally operated systems in Citrus, Marion and Putnam Counties. The systems in Marion and Putnam Counties were sold in 1988.

The owners of Windstream, L. E. and Shari Dlouhy, also own the development company, Newco Homes, Inc., which owns property where the Utility is located. Utility Systems was involuntarily dissolved in 1987. In February, 1988, Newco Homes assumed the mortgage of William Austin, owner of Utility Systems. On July 12,

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1990, Newco Homes and Windstream entered into an agreement for the purchase of the Dunnellon Hills system.

Although the transaction occurred prior to Commission approval, we do not find it appropriate to penalize Windstream since Windstream filed the application immediately upon being made aware by Commission Staff that the transaction was in violation of Section 367.071, Florida Statutes.

Application

Except as set forth above, the application is in compliance with Section 367.071, Florida Statutes, and other statutes and administrative rules regarding an application for transfer. In particular, the application contains:

1. A filing fee in the amount of \$150.00, as prescribed by Rule 25-30.020, Florida Administrative Code.
2. Proof of notice of application to all interested governmental and regulatory agencies and all utilities within a four-mile radius of the territory, and proof of advertisement in a newspaper of general circulation in Citrus County, as prescribed by Rule 25-30.030, Florida Administrative Code.
3. Proof of notice to all customers of record pursuant to Rule 25-30.030(2)(g), Florida Administrative Code.
4. Evidence that the utility owns the land upon which the facilities are located as required by Rule 25-30.035(3)(f), Florida Administrative Code.

No protests have been received and the time for filing such has expired. A description of the territory being transferred is set forth in Attachment A of this Order.

On June 13, 1990, an on-site inspection of the Dunnellon Hills system was conducted. At the time of the inspection the system was operating satisfactorily. The Department of Environmental Regulation (DER) has no outstanding notices of violation against the Utility.

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Since the Dlouhy's own Newco Homes and are developing property where the Utility is located, they have an interest in seeing that the system provides good service to the customers of Dunnellon Hills. Further, Windstream has been operating under Commission jurisdiction since 1984, and is financially able to provide service to Dunnellon Hills. At the Agenda Conference on November 6, 1990, the Commission approved the transfer of Certificate No. 396-W from Utility Systems to Windstream.

Subsequent to that Agenda Conference, we discovered that Utility Systems has another system, Pine Valley, in Citrus County. The matter was reconsidered at the Agenda Conference on December 4, 1990. As a result, we find it appropriate to issue Windstream an original certificate (Certificate No. 532-W) in Citrus County. Certificate No. 396-W shall remain with Utility Systems. Utility Systems is directed to return Certificate No. 396-W to the Commission within 30 days of the date of this Order for entry reflecting deletion of territory (Dunnellon Hills system).

Rate Base

Windstream submitted \$17,240 as rate base for the Dunnellon Hills system. This amount was taken from Order No. 11870, issued April 21, 1983, which granted Utility Systems a certificate to operate the Dunnellon Hills system. Rate base was not established in that proceeding; it was used only as a tool in establishing rates for the Utility.

Windstream was unable to obtain the books and records from the previous owner to substantiate the original cost of plant. Windstream did, however, submit documentation obtained from the engineering company which built the plant. From our review of the data submitted and an original cost study, we calculate the value of the Dunnellon Hills system to be \$21,039.

Since the Utility was constructed in 1982, we calculated depreciation from 1983 to 1990. As a result, accumulated depreciation is \$5,018.

Land was valued at \$3,600 by Order No. 11870. There have been no changes; therefore, the value of the land remains at \$3,600.

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Contributions-in-aid-of-construction (CIAC) is \$17,703. This amount includes \$3,600 for land dedicated to utility use, which, according to Order No. 11870, was donated by the Developer.

Accumulated amortization has been calculated using the same rates used for depreciation. Therefore, accumulated amortization is \$3,019.

An acquisition adjustment results when the purchase price differs from the rate base calculation. It is Commission policy that in the absence of extraordinary circumstances the purchase of a utility at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary; therefore, an acquisition adjustment has not been included in rate base.

As a result of these calculations, adjustments, and decisions, rate base is \$4,937 for the Dunnellon Hills system as of July 12, 1990, the date of transfer. Calculation of rate base is shown on Schedule No. 1, with adjustments shown on Schedule No. 2.

The rate base calculation is used purely to establish the net book value of the property being transferred. It does not, therefore, include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

Rates and Charges

The rates and charges currently approved for Utility Systems's Dunnellon Hills system are as follows:

Water (Monthly Rates) Residential

Base Facility Charge Meter Size

	<u>Approved Rates</u>
5/8" x 3/4"	\$ 6.10
1"	15.25
1-1/2"	30.50
2"	48.80

Gallonage Charge Per 1,000 Gallons

.86

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Miscellaneous Service Charges

Reconnect Fee	\$ 5.00
Disconnect Fee	5.00

Service Availability Charges

System Capacity Charge	\$ 400.00
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Customer Deposits
Residential and General Service

<u>Meter Size</u>	<u>Approved Rates</u>
5/8" x 3/4"	\$ 20.00
1"	20.00
1-1/2"	20.00
2"	20.00

In accordance with Rule 25-9.044(1), Florida Administrative Code, the new owner of a system must adopt and use the rates, classification and regulations of the former operating company. Windstream has not requested to change these rates and we see no reason to change them at this time. Windstream is directed to continue to charge these rates and charges to the Dunnellon Hills system until authorized to change by the Commission in a subsequent proceeding. Windstream shall file tariff sheets incorporating the Dunnellon Hills system into its tariff within 30 days of the date of this Order. The tariff will be effective for service provided or connections made after the stamped approval date on the tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of the Dunnellon Hills system from Utility Systems, Inc., 1220 Douglas Avenue, No. 203, Post Office Box 3835, Longwood, Florida 32779, to Windstream Utilities Company, 6746 SW State Road 200, Post Office Box 4201, Ocala, Florida 32678, is hereby approved. It is further

ORDERED that Windstream is granted Certificate No. 532-W in Citrus County. It is further

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ORDERED that Certificate No. 396-W, held by Utility Systems, Inc., shall be returned to this Commission within 30 days of the date of this Order for entry reflecting the action taken herein. It is further

ORDERED that rate base, for purposes of this transfer which reflects net book value, is \$4,937. It is further

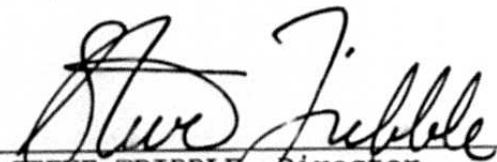
ORDERED that Windstream shall charge the customers of the Dunnellon Hills system the rates and charges, currently approved for Utility Systems, as set forth in the body of this Order, until authorized to change by the Commission. It is further

ORDERED that Windstream shall submit tariff sheets reflecting the action taken herein within 30 days of the date of this Order. The tariff shall be effective for service provided or connections made 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 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 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.

By ORDER of the Florida Public Service Commission, this 14th
day of DECEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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 is 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 January 7, 1991. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 the date described above, 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.

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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

DUNNELLON HILLSCitrus CountyTerritory Description

The following described lands located in portions of Section 2, Township 17 South, Range 18 East, Citrus County, Florida:

Section 2

That part of the South 1/2 of the Northeast 1/4 of the Northwest 1/4 of said Section 2 lying West of State Road 5 (U. S. 41)

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SCHEDULE NO. 1

Utility Systems, Inc.

SCHEDULE OF RATE BASEAs of July 12, 1990

<u>Description</u>	<u>Balance Per Utility</u>	<u>Commission Adjustments</u>	<u>Balance per Commission</u>
Utility Plant-in-Service	\$34,040	\$(13,001)(1)	\$21,039
Land	3,600	0	3,600
Accumulated Depreciation	0	(5,018)(2)	(5,018)
Contributions-in-Aid- of-Construction	(20,400)	2,697 (3)	(17,703)
CIAC Amortization	<u>0</u>	<u>3,019 (4)</u>	<u>3,019</u>
TOTAL	<u>\$17,240</u>	<u>\$(12,303)</u>	<u>\$ 4,937</u>

Note: Explanations of adjustments appear on Schedule No. 2.

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SCHEDULE NO. 2

Utility Systems, Inc.
 Rate Base Adjustments

<u>Description</u>	<u>Adjustment</u>
<u>Utility Plant-in-Service</u>	
1) To reflect cost per engineer's original cost study.	<u>\$(13,001)</u>
<u>Accumulated Depreciation</u>	
2) To reflect accumulated depreciation to date using Commission approved rates per Rule 25-30.140, F.A.C.	<u>\$(5,018)</u>
<u>Contributions-in-Aid-of-Construction</u>	
3) To reflect donated land as CIAC	<u>\$(3,600)</u>
3) To reflect imputation of CIAC per application of Rule 25-30.570, F.A.C. Limited to 75% of net plant.	<u>6,297</u>
Total CIAC Adjustment	<u>\$ 2,697</u>
<u>CIAC Amortization</u>	
4) To reflect CIAC Amortization to date using rates per Rule 25-30.140, F.A.C.	<u>\$ 3,019</u>
Total Adjustments	<u>\$(12,303)</u>