

FLORIDA PUBLIC SERVICE COMMISSION

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Tallahassee, Florida 32399-0850

M E M O R A N D U M

May 9, 1991

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM : DIVISION OF WATER AND SEWER (VON FOSSEN) *WVF*  
DIVISION OF LEGAL SERVICES (FRAZIER) *RF*

RE : UTILITY: GATORTOWN UTILITIES, INC. *WVF*  
DOCKET NO.: 910098-WS *WVF*  
COUNTY: COLUMBIA *WVF*  
CASE: REQUEST FOR ACKNOWLEDGEMENT OF SALE OF ASSETS FROM  
GATORTOWN UTILITIES TO THE CITY OF LAKE CITY; AMENDMENT  
OF CERTIFICATE NO. 402-W AND CANCELLATION OF CERTIFICATE  
NO. 339-S AND CHANGE OF NAME FROM GATORTOWN UTILITIES TO  
GATOR UTILITIES. *WVF*

AGENDA : MAY 21, 1991 - CONTROVERSIAL - PARTIES MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

CASE BACKGROUND

Based upon a review of Gatortown Utilities, Inc's. (Gator) annual report, staff discovered that the utility had sold its entire sewer system and a portion of its water system to the City of Lake City in 1989. Subsequently, staff contacted both the city and the utility regarding the need to file an application for transfer to a governmental entity. They responded with a joint application which was docketed by staff on January 30, 1991. Within the application, the utility also requested that the Commission acknowledge its name change from Gatortown Utilities, Inc. to Gator Utilities. Gator is a class C water utility providing service to 113 residential customers. Within its 1990 annual report, Gator reported gross revenue of \$18,585 with a \$993 operating loss.

While staff has administrative authority to approve transfers to governmental authorities and name changes, this docket is being brought before the Commission due to issue No. 3 regarding rates and the corporate reorganization.

DOCUMENT NUMBER-DATE

04569 MAY-9 1991

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**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission acknowledge the utility's corporate reorganization and resultant name change from Gatortown Utilities, Inc. to Gator Utilities?

**RECOMMENDATION:** Yes, The Commission should acknowledge the corporate reorganization and resultant name change. (Von Fossen)

**STAFF ANALYSIS:** Within its application the utility requested that the Commission acknowledge its change in name from Gatortown Utilities, Inc. to Gator Utilities. Staff has verified that while this action does not impact upon ownership of the utility it represents more than a name change since the utility is reorganizing from a corporation to a sole proprietorship. Under the prior name, Mr. D.B. Espenship was the sole stockholder of the utility. Upon reorganization, he is now the sole proprietor.

Therefore, staff recommends that the Commission acknowledge the corporate reorganization and resultant name change. The utility has filed a revised tariff in the name of Gator Utilities and remitted its certificate for revision.

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**ISSUE 2:** Should the Commission approve the application for transfer of assets from Gatortown Utilities to the City of Lake City?

**RECOMMENDATION:** Yes, the transfer of all the sewer system and a portion of the water system should be approved. Sewer Certificate No. 339-S should be cancelled and Water Certificate No. 402-W should be amended. (Von Fossen)

**STAFF ANALYSIS:** On July 6, 1989, Lake City purchased Gator's sewer system as well as a major portion of its water system. Gator has retained three small residential water systems.

Pursuant to Section 367.071 (4)(a), Florida Statutes, the sale of facilities to a governmental authority shall be approved as a matter of right provided that the governmental authority has obtained from the Commission certain financial information regarding the facilities it intends to purchase. Lake City requested and received such information in 1989. Additionally, Gator applied any deposits it held to customer's final bills and refunded any overages. Gator is current for regulatory assessment fees for its water system and has paid fees for the sewer system through the date of transfer.

Based upon the above discussion, staff recommends that the transfer be approved. This action will result in Gator's sewer Certificate No. 339-S being cancelled and its water Certificate No. 402-W being amended.

**ISSUE 3:** Should the Commission correct the utility's residential rates in its approved tariff to reflect the rates which are currently being charged?

**RECOMMENDATION:** Yes, the tariff should be corrected to properly reflect the residential rates which are currently being charged. (Von Fossen)

**STAFF ANALYSIS:** Gator came under this Commission's jurisdiction in 1982 based upon Columbia County transferring jurisdiction of its privately-owned water and sewer utilities to the Commission. Pursuant to Order No. 12012 issued in Docket No. 820344-WS, the Commission granted Gator water and sewer certificates and approved its then existing rates. The water residential rate approved within that docket was a monthly \$12.00 flat rate. However, it now appears that this grandfathering was in error since the utility is presently charging two separate residential rates which contradicts its tariff.

The \$12.00 monthly flat rate is being charged in only one of the three subdivisions that the utility serves. Within the instant docket, Gator filed a revised tariff to reflect the name change discussed in Issue No. 1. A review of this revised tariff showed that Gator is charging a rate that is different than the approved tariff rate to the other two subdivisions. This rate has a minimum monthly charge of \$12.00 which includes 8,000 gallons and a gallonage charge of \$.75 per 1000 gallons over 8,000. However, Gator indicates that both the flat and metered rates have existed since 1981.

Staff reviewed the file in Docket No. 820344-WS to determine if Gator had changed its residential rate or if both rates should have been approved in the grandfather docket. To verify its rates as of the jurisdictional date, Gator provided copies of bills for its few residential customers. These bills were all for \$12.00, but were indicated to be minimum bills. We believe that, based upon this billing, staff erroneously assumed that the only appropriate residential rate was a flat \$12.00 charge and such rate was approved within the utility's tariff. Gator apparently accepted Order No. 12012 which approved only the flat rate as well as its tariff and continued charging the rates which were in effect while under Columbia County's jurisdiction. Staff has no reason to doubt that the metered rate was in effect. In 1985, Gator sold one of its systems to Lake City. The contract for this transaction showed the metered rate as the rate for the system being transferred. Additionally, the \$.75 gallonage charge is the same as that in Gator's general service rate. Had the utility notified

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the Commission upon issuance of the grandfather order, that only one of its two residential rates had been approved, this matter could have been easily resolved through the issuance of an amended order. The Commission has had little interaction with Gator since 1983 and Gator's original tariff has never been revised.

While Gator has been charging a rate which varies from its approved rate, we believe that based upon the circumstances this action represents a mistake in grandfathering the proper rate as opposed to a statute or rule violation. Therefore, we recommend that Gator's tariff be corrected to approve both the metered and flat rates which have been in effect since 1981.

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ISSUE 4: Should this docket be closed?

RECOMMENDATION: No further action is required in this docket and it may be closed. (Frazier)

STAFF ANALYSIS: Should the Commission approve issues one through three all work in this Docket will be concluded and it can be closed.

GATOR