

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

February 4, 1993

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING
FROM : DIVISION OF WATER AND WASTEWATER (CHAPDELAIN) *AKC*
DIVISION OF LEGAL SERVICES (GOLDEN) *AKC*
RE : UTILITY: TRADEWINDS UTILITIES, INC.
DOCKET NO. 921260-WS
COUNTY: MARION
CASE: APPLICATION FOR CERTIFICATES BY THE
RESOLUTION TRUST CORPORATION AND AMENDMENT OF
CERTIFICATES NOS. 405-W and 342-S FOR
TRADEWINDS UTILITIES, INC.

AGENDA: FEBRUARY 16, 1993 - CONTROVERSIAL - PARTIES MAY
PARTICIPATE

CRITICAL DATES: NONE

FILE NAME: I:\PSC\WAW\WP\921260.RCM

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

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CASE BACKGROUND

Tradewinds Utilities, Inc. (Tradewinds) is a Class C "mom and pop" utility located in Marion County with two separate systems just a few miles due north of the City of Ocala. The utility serves 366 water customers and 257 wastewater customers. The customers served after deletion of territory going to the Resolution Trust Corporation (RTC) and, RTC's contractor/asset manager, Real Estate Recovery, Inc. (RER), will be 289 and 162 for water and wastewater, respectively. According to Tradewinds' annual report for calendar year 1991, water revenue was \$63,739 and wastewater revenue was \$73,171. The net operating income was \$7,017 and \$6,631 for water and wastewater, respectively.

A portion of Tradewinds' territory was obtained by RTC as receiver for Miami Savings Bank. A foreclosure proceeding occurred on a loan secured by a mortgage on utility assets and facilities. The utility serves two residential areas; one is named Landfair, and the other is named Hilltop Manor. This foreclosure does not affect the other separate systems owned and operated by Tradewinds.

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ISSUE 1: Should the application of Real Estate Recovery, Inc. for water and wastewater certificates be granted and the water and wastewater certificates of Tradewinds Utilities, Inc. amended to reflect the deleted territory?

RECOMMENDATION: Yes, Real Estate Recovery, Inc. should be granted Water Certificate No. 552-W and Wastewater Certificate No. 481-S to serve the territory described in Attachment A and Tradewinds Utilities, Inc.'s Water Certificate No. 405-W and Wastewater Certificate No. 342-S should be amended to reflect the deleted territory. (CHAPDELAINE)

STAFF ANALYSIS: On December 15, 1992, Real Estate Recovery, Inc., contractor/asset manager for the RTC, filed its application for original water and wastewater certificates to provide service in Marion County. The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for original certificate for a utility providing service and charging rates. The application contains a check in the amount of \$300, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence in the form of a warranty deed that the utility owns the land upon which the utility's facilities are located in the form of a Certificate of Title executed and filed in the Circuit Court of the Fifth Judicial District as required by Rule 25-30.033(1)(j), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.033(1)(l), (m) and (n), Florida Administrative Code. A description of the territory requested by the applicant is appended to this memorandum as Attachment A. The same territory will be deleted from Tradewinds certificated territory.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers in the proposed territory. No objections to the notice of application have been received and the time for filing such has expired.

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The RTC, through RER, has secured the technical services of Miles Christen Anderson, Consulting Engineer, to manage the facilities. Aqua-Pure Water and Sewage Services, Inc. is the operator of the utility and Fred Tattersall, CPA, is the utility's accountant. The applicant asserts that the RTC through RER has the financial ability to provide services and will fulfill all commitments, obligations and representations of the transferor.

Based on the above information, staff believes it is in the public interest to grant the application for original certificates. Accordingly, staff recommends that Real Estate Recovery, Inc. be granted Water Certificate No. 552-W and Wastewater Certificate No. 481-S to serve the territory described in Attachment A. Furthermore, Tradewinds Utilities, Inc. should have its Water Certificate No. 405-W and Wastewater Certificate No. 342-S, amended to reflect the territory deleted and transferred to RER.

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ATTACHMENT A

REAL ESTATE RECOVERY, 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: SW 1/4 of SE 1/4, except the North 475 feet; SE 1/4 of SE 1/4; South 3 chains of NE 1/4 of SE 1/4.

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

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. This docket involves a transfer of facilities and rate base and rates and charges must be addressed. (Golden)

STAFF ANALYSIS: This docket involves transfer of assets, issuance of certificates, deletion of territory and amendment of certificates. Rate base as of transfer and rates and charges must be addressed at a later date when audit and analyses are complete and staff will have a basis for recommendations concerning those matters. The applicant has not requested a change in rates currently authorized for Tradewinds and approved effective July 27, 1992 as a pass-through of DER testing requirement costs. Those currently approved rates will be effective for the applicant at this time.