

FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

JANUARY 23, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER & WASTEWATER (COKER) *JTC BSM JCM JH*
DIVISION OF LEGAL SERVICES (CAPELESS) *PSC JAS RP*

RE: DOCKET NO. 961140-WS - APPLICATION FOR TRANSFER OF FACILITIES AND ASSETS OF SATEKE UTILITIES INC. TO SATEKE VILLAGE UTILITY HOMEOWNERS ASSOCIATION INC., AND EXEMPTION FROM FLORIDA PUBLIC SERVICE COMMISSION REGULATION FOR PROVISION OF WATER AND WASTEWATER SERVICE IN MARION COUNTY BY SATEKE VILLAGE UTILITY HOMEOWNERS ASSOCIATION, INC. AND CANCELLATION OF CERTIFICATES NOS. 400-W AND 363-S.
COUNTY: MARION

AGENDA: FEBRUARY 4, 1997 - REGULAR AGENDA - PARTIES MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

LOCATION OF FILE: S:\PSC\WAW\WP\961140WS.RCM

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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CASE BACKGROUND

Sateke Utilities, Inc. (Sateke or utility) is a Class C water and wastewater utility, which provides service to approximately thirty-three customers in Marion County. The annual report for 1995 shows that the consolidated annual operating revenue for the system is \$6,377 and the net operating loss is \$7,651.

By Order No. 11784, issued April 4, 1983, in Docket No. 820536-WS, the Commission granted the utility Water Certificate No. 400-W and Wastewater Certificate No. 338-S to operate a water and wastewater utility. At that time, the utility was granted authority to serve approximately 320 acres of land. Shortly after obtaining the certificates, most of the territory was sold to the State of Florida. The State now operates the Rainbow River State Campground in what was Sateke's service area.

On January 3, 1995, Mr. Terry Roberts, owner, requested a small system exemption from the Commission for water and wastewater service, pursuant to Section 367.022(6), Florida Statutes. The application stated that the capacities for the water and wastewater utility were 10,000 gallons per day. The water and wastewater capacities when verified were slightly higher than 10,000 gallons per day. The water plant is producing approximately 30,000 gallons per day and the wastewater plant is permitted for 20,000 gallons per day. Therefore, the utility did not qualify for a small system exemption, pursuant to Section 367.022(6), Florida Statutes. The Commission denied the request for exemption by Order No. PSC-95-0552-FOF-WS, issued May 8, 1995, in Docket 950008-WS.

On September 18, 1996, the Commission received an application from Sateke Village Utility Homeowners Association, Inc. (Sateke Village), a non-profit association, requesting transfer of Sateke's assets and operating certificates, and seeking exempt status from the Commission for provision of water and wastewater service as an exempt non-profit association.

Sateke Village is a non-profit corporation formed on June 28, 1996. The company has filed with the Office of the Secretary of State as a non-profit entity and has fulfilled all of the criteria to be considered an exempt entity. This case is being brought to the attention of the Commission because staff is recommending transfer of assets and cancellation of the certificates currently held by Sateke.

DISCUSSION OF ISSUES

ISSUE 1: Should the transfer of facilities and utility assets of Sateke Utilities, Inc. to Sateke Village Utility Homeowners Association, Inc. and cancellation of Water Certificate No. 400-W and Wastewater Certificate No. 363-S be approved?

RECOMMENDATION: Yes. The transfer of facilities and utility assets of Sateke Utilities, Inc. to Sateke Village Utility Homeowners Association, Inc. should be approved and Water Certificate No. 400-W and Wastewater Certificate No. 363-S should be canceled. (COKER)

STAFF ANALYSIS: On September 18, 1996, Sateke Village Utility Association (Sateke Village) filed an application for transfer of the lines, assets and customers of Sateke Utilities, Inc. (Sateke). Sateke Village is a nonprofit corporation providing water and wastewater service in Marion County. Sateke Village also requests to be recognized as an exempt entity from Florida Public Service Commission regulation for provision of water and wastewater service. 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 of the system to be transferred. No objections to the notice of application have been received and the time for filing such has expired. The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of utility assets. The application contains checks for water and wastewater service totaling \$750.00, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

The filing by Sateke requests that the transfer include the water treatment plant, water distribution lines and the wastewater collection lines. The Sateke water and wastewater systems will be operated by Sateke Village.

According to the contract for sale, the purchase price for both systems is \$10,000. Sateke Village will fund the purchase through operating capital. The nonprofit association has indicated that this transaction will not jeopardize its financial standing.

Sateke has been in operation since 1983. The utility has consistently met DEP standards and provided customers with quality service. Sateke has no outstanding violations.

According to the application, Sateke Village will continue to utilize the professional services of Enviro-Masters Water and

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Wastewater Services, Inc., which has operated the system since 1991. The buyer is committed and willing to make any necessary repairs to the system. Because the operation of the systems will be relatively unchanged, the customers should experience consistent service provided within DEP standards. Staff believes these considerations demonstrate a financial and technical ability to provide quality utility service and that Sateke Village is capable of fulfilling the commitments, obligations and representations of the utility. Therefore, Staff recommends that the transfer of Sateke Utilities, Inc. to Sateke Village Utilities Homeowners Association, Inc. is in the public interest and should be approved.

As a homeowners association, Sateke Village meets the definition of an exempt utility, pursuant to 367.022, Florida Statutes. Since exemptions are now self-executing, staff recommends that Water Certificate No. 363-W and Wastewater Certificate No. 363-S also be canceled.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, because no further action is necessary, this docket should be closed. (COKER, CAPELESS)

STAFF ANALYSIS: Sateke Village Utility Homeowners Association, Inc., has successfully completed all requirements for transfer of the assets of Sateke Utilities, Inc. Because no further action is necessary, this docket should be closed.