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MEMORANDUM

OCTOBER 23, 1997

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

FROM: DIVISION OF WATER & WASTEWATER (REDEMANN) ^{cc m}
DIVISION OF LEGAL SERVICES (BRUBAKER) *[Handwritten initials]*

RE: DOCKET NO. ~~970897~~-WS - APPLICATION FOR AMENDMENT OF
CERTIFICATE NO. 515-W AND 447-S BY STEEPLECHASE UTILITY
COUNTY: MARION

AGENDA: NOVEMBER 4, 1997 - REGULAR AGENDA - INTERESTED PERSONS
MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\970897WS.RCM

DOCUMENT NUMBER-DATE

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FPSC - RECORDS/REPORTING

DOCKET NO. 970897-WS
DATE: October 23, 1997

CASE BACKGROUND

Steeplechase Utility (Steeplechase or utility) provides water and wastewater service to approximately 342 water and 244 wastewater customers in Marion County. The utility's 1996 annual report shows an annual operating revenue of \$103,111 and a net operating loss of \$117,408. The utility is a Class C utility company under FPSC jurisdiction.

On July 17, 1997, Steeplechase filed an application for amendment of Certificate No. 515-W and 447-S to add territory in Marion County. The proposed territory will serve commercial, medical office buildings, an assisted living facility, a nursing home and single family dwellings.

During staff's review of the application, staff noticed that the 1996 Annual Report showed 100% utility ownership by Stonecrest of Marion County, Ltd., and that the utility was first organized in May, 1991. However, Steeplechase was granted its Certificates in April, 1989. Therefore, it appeared that a transfer may have occurred without prior Commission approval. The staff requested additional information which revealed the following. Steeplechase, the utility, was owned by a company called Leisure Living for the Active Retiree Joint Venture (Joint Venture). In 1992, Joint Venture filed for bankruptcy and was reorganized as Stonecrest of Marion County, Ltd. The utility itself has been unaffected by the bankruptcy and reorganization of the parent corporation. Operations continued and the utility retained the name of Steeplechase. Staff believes that the change of the parent corporation as a result of the bankruptcy reorganization does not rise to the level of a transfer as contemplated in Chapter 367.071, Florida Statutes. Therefore, no further action is required on this point.

Staff has authority to administratively approve applications for amendment when no objections have been filed and the application is without controversy. This case is being brought to the attention of the Commission because the new area is large when compared to their original development. This area increases the service area approximately 5 times the original development, or from 1/4 of a square mile (160 acres) to 1 1/4 of a square miles (800 acres).

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DISCUSSION OF ISSUES

ISSUE 1: Should Steeplechase's application for amendment of Water Certificate No. 515-W and 447-S be granted?

RECOMMENDATION: Yes, Steeplechase's application should be granted for the additional territory described in Attachment A. The utility should charge the customers in the territory added herein the rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding. (REDEMANN)

STAFF ANALYSIS: As stated earlier, on July 17, 1997, the utility filed an application for amendment of Certificate No. 515-W and 447-S to add territory in Marion County. The application contains a check in the amount of \$2,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The utility has provided a copy of 99 year leases for the water treatment and wastewater treatment plant sites, which provides for the continued use of the land as required by Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(3)(e), (f) and (i), Florida Administrative Code. A description of the water and wastewater territory is appended to this recommendation as Attachment A. The territory description in Attachment A also includes the original area that was granted to the utility in Order No. 21063, issued April 18, 1989 in Docket No. 890145-WS (Original Certificate). The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, that it has tariffs and annual reports on file with the Commission.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application were filed and the time for filing such has expired. The local planning agency was provided notice of the application and did not file a protest to the amendment. Staff has contacted the Department of Environmental Protection (DEP) and learned that there are no outstanding notices of violation regarding this utility.

The utility has been certificated by the Commission since 1989. According to the application, the utility has engaged in the engineering firm of Farner, Barley & Associates, Inc. And the law firm of Rose, Sundstrom & Bentley, LLP, both of whom are experienced in the operation and regulation of water and wastewater utility systems. The systems are not under any consent order, nor subject to any notices of violation from any regulatory agencies.

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As stated earlier, the proposed territory will serve commercial, medical office buildings, an assisted living facility, a nursing home and single family dwellings. This area is owned by the related developer who has an approved development plan for the property. According to the application, the existing water treatment facility has sufficient capacity to serve the entire project including the proposed territory through build-out, with the only addition of an elevated storage tank required to provide sufficient fire flow capacity. The utility is planning to expand its existing wastewater treatment facilities twice in the future. The first expansion will boost the treatment capacity from .150 mgd to .300 with tertiary treatment and will provide for effluent disposal via golf course irrigation. The second expansion will be to .600 mgd with disposal to the golf course and common area. Based on the above information, staff believes that the utility has the capacity and the technical expertise to serve these customers now and in the future.

Steeplechase's approved rates and charges were approved on August 18, 1989 in Docket No. 890145-WS by Order No. 21063, an original certificate case. The utility should charge the customers in the territory added herein the rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding. The utility has returned the certificate for entry of the additional territory and filed revised tariff sheets which reflect the amended territory description.

Based on the above information, staff believes it is in the public interest to grant the application of Steeplechase for amendment of Water Certificate No. 515-W, and Wastewater Certificate No. 447-S to add the additional territory described in Attachment A.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (BRUBAKER)

STAFF ANALYSIS: No further action will be required and the docket should be closed.

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ATTACHMENT A

STEEPLECHASE UTILITY COMPANY, INC.

MARION COUNTY

WATER AND WASTEWATER SERVICE AREA

Includes the original territory in Order No. 21063

Township 17 South, Range 23 East

Section 25

The South 1,650.00 feet of the West 660.00 feet.

Section 26

The South 1683.00 feet of the East 412.50 feet.

Section 35

The East 1/2, less that portion lying South and West of U.S. Highway 27 and 441.

Section 36

All of Section 36, less the East 880.00 feet of the North 1980.00 feet of the Northwest 1/4, and less the East 264.00 feet of the North 594.00 feet of the Southeast 1/4 of the Northeast 1/4, and less all of that portion lying South and West of U.S. Highway 27 and 441.

Township 17 South, Range 24 East

Section 31

The South 3/4 of the Southwest 1/4 and the West 1/4 of the Southwest 1/4 of the Southeast 1/4.