



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: April 6, 1998

TO: Timothy Vaccaro, Division of Legal Services
Division of Records and Reporting

FROM: Patricia Brady, Division of Water and Wastewater *pb [signature] [initials]*

RE: Docket No. 971610-WS, Application for transfer of utility assets from Clay Utility Company d/b/a South Broward Utility, Inc. to City of Sunrise in Broward County, and cancellation of Certificates Nos. 359-W and 290-S.

Clay Utility Company d/b/a South Broward Utility, Inc. (SBU or utility) is a Class A utility which provides utility service to approximately 2,724 water and 2,297 wastewater customers in southwest Broward County. The utility has operated under Certificates Nos. 359-W and 290-S since February of 1981. In August of 1996, the utility's assets were transferred from South Broward Utility, Inc. (the corporation) to Clay Utility Company d/b/a South Broward Utility, Inc. As a consequence, each corporation filed a separate annual report for the portion of 1996 in which it owned the utility. Combining the two reports, the utility's consolidated 1996 revenues for water and wastewater service were \$1,905,518 with a total net income of \$364,597.

On December 12, 1997, an application for transfer of the utility's assets to the City of Sunrise was filed on behalf of SBU pursuant to Section 367.071(4)(a), Florida Statutes. The application was attested to by Mr. Eugene F. Cassidy, Vice President of Clay Utility Company. The Asset Transfer and Settlement Agreement between SBU and the City of Sunrise (City) was entered into on November 10, 1997. The actual closing occurred on December 29, 1997. The purchase price for the transfer was \$12,300,000 subject to certain terms, adjustments and prorations. The City intends to finance the transaction with the issuance of thirty (30) year revenue bonds at 7.5% interest.

According to the Asset Transfer and Settlement Agreement, prior to closing, SBU furnished the City with a listing of accounts receivable and customer deposits as well as estimated unbilled revenue through the date of closing. SBU also furnished the City with a copy of the utility's last two annual reports filed with the Commission. As verification the City had reviewed the materials and information required under Section 190.301, Florida Statutes, the application contained a copy of the City's Resolution No. 97-229. Finally, returned with the application were the utility's original Certificates Nos. 359-W and 290-S for cancellation.

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