

ORIGINAL

MEMORANDUM

AUGUST 28, 1998

TO : SAMANTHA MCRAE, DIVISION OF LEGAL SERVICES
 DIVISION OF RECORDS AND REPORTING

FROM : STEPHANIE CLAPP, DIVISION OF WATER AND WASTEWATER *BSM*

RE : DOCKET NO. 980972-WS: APPLICATION FOR TRANSFER OF WATER
 AND WASTEWATER FACILITIES OF HYDRATECH UTILITIES, INC. TO
 TOWN OF JUPITER ISLAND IN MARTIN COUNTY, AND REQUEST FOR
 CANCELLATION OF CERTIFICATES NOS. 337-W AND 292-S.

Hydratech Utilities, Inc., (Hydratech or utility) is a Class A utility located in Martin County which was granted Certificates Nos. 337-W and 292-S. The utility serves approximately 5,319 residential and 200 commercial water customers and approximately 4,454 residential and 240 commercial wastewater customers. According to the most recent information available, Hydratech's 1997 annual report filed with this Commission, the utility had annual operating revenue of \$2,501,357 and a net loss of (\$260,802).

On August 3, 1998, Hydratech filed an application with this Commission for transfer of water and wastewater facilities to the Town of Jupiter Island pursuant to Chapter 25-30.037(4), Florida Administrative Code. Included with the application were Resolution No. 378 from the Town of Jupiter Island, which among other things approved the transfer agreement between the Town and Hydratech, and a copy of the transfer agreement between the two parties. The application gives the proposed closing date as on or before September 15, 1998. A subsequent letter, dated August 27, 1998, from Hydratech's representative stated that the closing had been scheduled for September 2, 1998.

Pursuant to Chapter 25-30.037(4)(d) and (e), Florida Administrative Code, the application for transfer included a statement that Hydratech will retain no assets that would constitute a system providing or proposing to provide water or wastewater service to the public for compensation. It also contained a statement that Jupiter Island obtained Hydratech's most recently available income and expense statement, balance sheet,

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statement of rate base for regulatory purposes, and contributions-in-aid-of-construction.

A statement that the customer deposits and interest thereon will be given to the Town of Jupiter Island as required in Chapter 25-30.037(4)(g), Florida Administrative Code, was included in both the application and the transfer agreement.

Pursuant to the requirements of Chapter 25-30.037(4)(h), Florida Administrative Code, a statement was included that Hydratech will pay all outstanding regulatory assessment fees and file the final Regulatory Assessment Fee Return within the time period required by the rules. After discussion with the utility, the agent submitted the August 27, 1998, letter agreeing to pay the rafs within 60 days of the closing of the sale.

Section 2.07(C)(12), Administrative Procedures Manual, grants the Director of the Division of Records and Reporting, in coordination with the appropriate industry division and the Division of Legal Services, the authority to approve applications for the sale of water and wastewater utilities from private to governmental agencies, and for cancellation of water and wastewater certificates when they are filed and processed in accordance with Chapter 367, Florida Statutes, and no protests have been filed. As stated in the application, ownership and control will be sold to the Town of Jupiter Island.

Staff finds the application in compliance with all provision of Rule 25-30.039, Florida Administrative Code, and recommends that an administrative order be issued approving the sale of the utility to the Town of Jupiter Island. Staff also recommends that the utility's Water Certificate No. 337-W and Wastewater Certificate No. 292-S be canceled upon the closing date of the sale. Furthermore, staff recommends that this docket be closed.

I: hydratch.rcm