



Public Service Commission

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

DATE: December 2, 1998
TO: Division of Records and Reporting
FROM: Patricia Brady, Division of Water and Wastewater *pb BSM*
RE: Docket No. 981241-WS, Application of Ortega Utility Company for transfer of facilities in Duval County to Jacksonville Electric Authority, and cancellation of Certificates Nos. 223-W and 167-S.

Please add to the docket file the attached letter received November 30, 1998 from Mr. Alan W. Potter, Sr., President of Ortega Utility Company. The letter serves as the utility's response to John Williams' October 30, 1998 notification of deficiencies. Thank you.

Attachment

cc: Division of Legal Services (Ferguson)

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

13861 DEC-98

FPSC-RECORDS/REPORTING

ORTEGA UTILITY COMPANY

905 North Street
Jacksonville, Florida 32211
(904) 725-4522

CERTIFIED MAIL RECEIPT #P 845 209 547

November 27, 1998

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Attn: John D. Williams
Patricia Brady

Re: Purchase of Utility Assets (Acquisition)
Ortega Utility Co. by JEA (City of Jacksonville)

Dear Ms. Brady:

Receipt of your letter, dated October 30, 1998, is acknowledged. The following are the reasons and justifications for the activities and timings of events leading to the acquisition of the utility assets of Ortega by a subdivision of the City of Jacksonville.

The date of closing for the acquisition was August 11, 1998. The Purchase and Sale Agreement was executed by the Executive director of the JEA in advance of closing to better suit his schedule and in anticipation of all associated documents being available, reviewed and approved by the Office of General Council (City of Jacksonville). The supporting documents (deeds, title insurance, and minor modifications to the actual agreement) were not complete until approximately August 7, 1998.

Because of the nature of a sale to a governmental body, the timing is often uncertain (see response to Item 1, above). In trying to meet all of the obligations to the various parties involved (customers, prospective customers, JEA, City of Jacksonville's Office of General Counsel, JEA Bond Counsel and Ortega's employees and stockholders) a review of the necessary filings and their filings was made. As a matter of course, individual notifications, in writing, were made to the entire existing customer base of Ortega as well as a general public notice in the Florida Times Union, a paper of general circulation.

The written notice to the Public Service Commission was prepared in advance but was not forwarded as the dates were uncertain. Additionally, we were advised that under 367.071(4)(a), the transfer of a utility, its service territory and




Florida P.S.C.
November 27, 1998
Page 2

assets to a governmental authority (i.e., JEA) was a matter of right and did not require the approval of the Commission. In dealing with the multiple legal representatives of JEA, it was considered impractical to place caveats within a purchase and sale agreement or to close the contract in escrow when the only result would be the confusion of the existing customers and the public in general.

Please realize, that it was not the intent to circumvent the PSC in this matter as the agreement was common knowledge of PSC staff several months prior to the actual closing.

Should any further clarification be necessary, please advise.

Respectfully,


Alan W. Potter, Sr.
President