

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

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RECEIVED-FPSC

DATE: APRIL 22, 1999

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

FROM: DIVISION OF WATER AND WASTEWATER (JOHNSON, REDEMANN) *ccm*
DIVISION OF LEGAL SERVICES (MCRAE) *S.M. PS*

RE: DOCKET NO. 981221-SU - APPLICATION FOR TRANSFER OF CERTIFICATE NO. 495-S IN CHARLOTTE COUNTY FROM SANDALHAVEN UTILITY, INC. TO UTILITIES, INC. OF SANDALHAVEN. COUNTY: CHARLOTTE

AGENDA: MAY 4, 1999 - REGULAR AGENDA - PROPOSED AGENCY ACTION ON ISSUES 3, AND 4 - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\981221.RCM

CASE BACKGROUND

Sandalhaven Utility, Inc. (Sandalhaven or utility) is a class C utility that provides wastewater service in Charlotte County and serves approximately 623 wastewater customers. As of December 31, 1996, the utility served 623 wastewater customers. The annual report for 1996 shows that the operating revenues were \$161,918; the net operating loss was \$41,249 for the wastewater system.

Sandalhaven was transferred and merged with CHP Utility, Inc. in 1996. The Commission approved this transfer by Order No. PSC-97-1150-FOF-SU, issued September 30, 1997. Sandalhaven became a non-profit and an exempt utility in the transfer to CHP. CHP received all of Sandalhaven's assets and customer service area. Because CHP satisfied the requirements for exemption pursuant to Section 367.022(7), Florida Statutes, Sandalhaven's Wastewater Certificate No. 495-S was canceled. The CHP/Sandalhaven membership was comprised of utility customers receiving service from the

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utility and all members held one vote as stated in the Articles of Incorporation. Only members of the non-profit corporation received wastewater service.

On May 1, 1998, several movants and counsel for CHP filed a joint Motion to Rescind Order No. PSC-97-1150-FOF-SU (motion to rescind), because a settlement could not be reached regarding the use of CHP to own and operate the Sandalhaven facilities. By Order No. PSC-98-1248-FOF-SU, issued September 21, 1998, the Commission granted the motion to rescind Order No. PSC-97-1150-FOF-SU. Certificate No. 495-S was reinstated to Sandalhaven when Order No. PSC-97-1150-FOF-SU was rescinded.

On September 24, 1998, Utilities, Inc. of Sandalhaven filed an application for authority to transfer Wastewater Certificate No. 495-S from Sandalhaven to Utilities, Inc. of Sandalhaven. Utilities Inc. of Sandalhaven in a cash transaction, purchased the wastewater collection and treatment facilities of Sandalhaven. The purchase price for the utility was \$500,000. Utilities, Inc. Of Sandalhaven is a wholly-owned subsidiary of Utilities, Inc.

Sandalhaven closed on the transfer of its facilities to Utilities, Inc. Of Sandalhaven on March 30, 1999, prior to obtaining Commission approval. This will be discussed further in Issue 1.

This recommendation addresses Sandalhaven's application for transfer of Certificate No. 495-S to Utilities, Inc. of Sandalhaven.

DISCUSSION OF ISSUES

ISSUE 1: Should Sandalhaven Utility, Inc., be ordered to show cause, in writing within 21 days, why it should not be fined for its apparent violation of Section 367.071, Florida Statutes?

RECOMMENDATION: No. A show cause proceeding should not be initiated. (MCRAE)

STAFF ANALYSIS: As stated in the case background, Sandalhaven closed on the transfer of its facilities to Utilities, Inc., on

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March 30, 1999, prior to obtaining Commission approval. Section 367.071(1), Florida Statutes, states that:

No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof..., without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest...

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In closing on the transfer of its facilities prior to Commission approval, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although Sandalhaven's failure to obtain Commission approval prior to closing on the transfer of its facilities to Utilities, Inc., is an apparent violation of Section 367.071(1), Florida Statutes, there are circumstances which appear to mitigate the utility's apparent violation. According to a letter from the utility dated March 26, 1999, Sandalhaven closed on the transfer of its facilities to Utilities, Inc., so that the Utilities, Inc., could take immediate action on fifteen possible violations cited by the Florida Department of Environmental Protection observed at the utility. Furthermore, there is a provision in the contract between Sandalhaven and Utilities, Inc., which states that the sale is subject to this Commission's jurisdiction.

Staff does not believe that the apparent violation of Section 367.071, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. Therefore, staff recommends that the Commission not order Sandalhaven to show cause for failing to obtain Commission approval prior to closing on the transfer of its facilities to Utilities, Inc.

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ISSUE 2: Should the transfer of Wastewater Certificate No. 495-S from Sandalhaven Utility, Inc., to Utilities, Inc. Of Sandalhaven be approved?

RECOMMENDATION: Yes, the transfer should be approved. Wastewater certificate No. 495-S, held by Sandalhaven Utility, Inc., should be transferred to Utilities, Inc. Of Sandalhaven. Utilities, Inc. Of Sandalhaven should also be required to provide a recorded copy of the deed within 60 days from the issuance date of the order issued as a result of action taken at this agenda conference. (JOHNSON, REDEMANN)

STAFF ANALYSIS: As discussed in the case background, on September 24, 1998, Utilities, Inc. filed an application for transfer of certificate 495-S to Utilities, Inc. of Sandalhaven. The application was found to be deficient on October 13, 1998. The deficiencies were corrected and received by staff. The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of certificate. The application contains a check in the amount of \$1,500, which is the correct filing fee pursuant to Rule 25-30.020(c), Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.037(2)(q), Florida Administrative Code. The deed however is not recorded in accordance with Section 695.01, Florida Statutes. Utilities, Inc. Of Sandalhaven should be required to provide a recorded copy of the deed within 60 days of the date of the order issued as a result of action taken at this agenda conference.

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. One objection to the transfer of the utility was timely filed by John and Mary Lou Travis. Both staff and the utility replied to the objection letter, and staff asked if they wanted to pursue a formal hearing. Mr. and Mrs Travis did not contact the Commission within the time period specified and did not indicate that they wanted to commence a formal proceeding. No other objections to the notice of application have been received and the time for filing such has expired. A description of the territory served by the utility is appended to this memorandum as Attachment A.

The application states that the transfer is in the public interest because the Buyer's primary business is operating water and wastewater utilities. The Buyer has the financial resources to

make the future improvements to the utility systems as deemed necessary. Additionally, the application contains a statement that the Buyer will fulfill the commitments, obligations and representations of the Sellers with regard to utility matters. In contrast the Seller is no longer interested in continuing to own and operate the utility systems.

Regarding the Buyer's technical ability, Utilities, Inc. is a holding company which, as of December 31, 1997, owned and operated approximately 350 water and wastewater utility systems through sixty-three subsidiary operating companies. Utilities, Inc. has approximately 31 years of experience in the water and wastewater utility industry. In addition, Utilities, Inc., has 22 years of experience in operating water and wastewater utilities under the regulation of the Florida Public Service Commission and the financial resources to ensure consistent compliance with environmental regulations. At the present time, Utilities, Inc. provides safe and reliable water and wastewater service to approximately 200,000 customers in fifteen states. The application states that the Buyer conducted a reasonable investigation of the wastewater system. The Buyer also conducted a review of the files at the Florida Department of Environmental Protection (DEP), and determined that there are no outstanding consent orders, but there are 15 possible violations with the DEP for this system. These possible violations dictated the early closing of the sale.

Regarding the Buyer's financial ability to operate the utility, the application states the Buyer has the ability to raise cash when necessary to finance its operations to ensure consistent compliance with environmental regulations. The Buyer has provided the company's consolidated financial statement, along with additional information regarding the sources of annual income. Additionally, Utilities, Inc. of Sandalhaven is a wholly-owned subsidiary of Utilities, Inc. which has approximately \$265,563,000 of assets and a total capitalization of \$84,000,000. Utilities, Inc. has the capability to provide investment capital at reasonable rates to Sandalhaven.

The application contains a copy of the Agreement for Purchase and Sale which includes the purchase price, terms of payment and a list of the assets purchased. According to the Agreement, the purchase price for the utility facilities, and the treatment plant (including land, equipment and personal property) is \$500,000. The total purchase was a cash transaction. Based on the application, there are no guaranteed revenue contracts, developer agreements, utility debt or customer advances. The Seller will remain responsible for the existing debts of the utility incurred or

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accrued up to closing, which includes regulatory assessment fees until the date of transfer. According to our records, the utility is current on its regulatory assessment fees and has filed an annual report for 1996 and all prior years. The utility was exempt from filing a annual report and regulatory assessment fees for the year 1997 and part of 1998. Sandalhaven owes RAFs for 1998 from December 7, 1998 through December 31, 1998. The Seller will be responsible for the regulatory assessment fees associated with revenues collected up to and including the date of transfer, which is March 30, 1999. The Buyer will be responsible for regulatory assessment fees after the transfer.

Based on the above, staff recommends the transfer of Wastewater Certificate No. 495-S from Sandalhaven Utility, Inc., to Utilities, Inc. Of Sandalhaven is in the public interest and should be approved.

UTILITIES, INC. OF SANDALHAVEN INC.

CHARLOTTE COUNTY

TERRITORY DESCRIPTION

ORDER NO. PSC-95-0478-FOF-SU, DOCKET NO. 941341-SU

The following described lands located in portions of Sections 21, 27, 28, 33 and 34, Township 41 South, Range 20 East, AND Section 3, Township 42 South, Range 20 East, Charlotte County, Florida:

Township 41 South, Range 20 East:

Section 21

All that portion of the Southwest 1/4 of said Section 21 lying South of Buck Creek and East of Lemon Bay AND that portion of the Southwest 1/4 of the Southeast 1/4 lying South of Buck Creek and West of State Road 775 as it is now constructed.

Section 27

The West 2400 feet more or less of said Section 27.

Section 28

All that portion of said Section 28 lying East of Lemon Bay.

Section 33

All that portion of said Section 33 lying East of Lemon Bay.

Section 34

The West 2400 feet more or less of said Section 34.

Township 42 South, Range 20 East:

Section 3

All that portion of the Northwest 1/4 of said Section 3 lying East of Lemon Bay and North and West of an existing canal.

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ISSUE 3: What is the rate base of Sandalhaven at the time of transfer?

RECOMMENDATION: The rate base, which for transfer purposes reflects the net book value, is \$30,378 for the wastewater system as of August 31, 1998. (JOHNSON)

STAFF ANALYSIS: According to the application, the proposed net book value of the system being transferred as of December 31, 1997 is \$690,669 for the wastewater system. By Order No. PSC-95-0478-FOF-SU, issued April 13, 1995, in Docket No. 941341-SU, the Commission granted the utility's original certificates and grandfathered in rates that were initially established by the Charlotte County Board of County Commissioners. However, rate base has never been formally established by this Commission. The proposed wastewater rate base included in this application is based upon the utility's books and records.

Staff conducted an audit of the books and records of the utility to determine the rate base (net book value) as of August 31, 1998. The rate base was determined by Staff from company provided historical records and supporting source documentation. The utility's books and records were not consistently in compliance with the Commission directives and the books were not in conformity with the NARUC Uniform System of Accounts as required by Rule 25-30.115, Florida Administrative Code. The audit report contained several exceptions. The utility did not file a response to the audit report. The following adjustments were made by staff as a result of the rate base audit.

UTILITY PLANT-IN-SERVICE

Staff is recommending that wastewater plant-in-service should be increased by a total of \$212,456. The total increase to the related accumulated depreciation is \$34,709. Staff recommends that the following adjustments be made.

The first adjustment involves the understatement of the plant account. In 1991 and 1995, the company did not record plant assets totaling \$212,456 contributed by the developers, Eagle Preserve and Cape Haze. The plant additions included liftstations, force main lines and services. Therefore, the utility should increase the collection force main account (Acct. 360) by \$31,402; collection gravity account (Acct. 361) by \$72,122; Manholes account (Acct. 363) by \$21,715; Services account (Acct. 363) by \$19,317 and the Liftstation account (Acct. 371) by \$67,900. Because this is

contributed property, the Contributions-In-Aid-of-Construction accounts (CIAC) and Accumulated Amortization of CIAC must be adjusted to reflect this unrecorded property. Therefore, in addition, the utility should increase the respective CIAC account by \$212,456 and the accumulated amortization account by \$34,709.

Based on these adjustments, staff has determined the plant-in-service balance is \$1,381,000, for the wastewater system as of August 31, 1998.

ACCUMULATED DEPRECIATION

The utility had not adjusted its books for 1997 and 1998 for accumulated depreciation and accumulated amortization. Therefore, staff calculated the depreciation expense using the utility's balances and service life rates previously established to accurately reflect the balances at August 31, 1998.

Rule 25-30.140(3), Florida Administrative Code, states that "[e]xcept as listed in Sections (5) and (6) of this rule, average service life depreciation rates based on the guideline lives and salvages shall be used in rate proceedings before this Commission." Section (5) provides that a utility may petition for average service life depreciation rates different from those contained in this rule. Section (6) specifies the conditions under which a utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates. In the past, the Commission has not implemented new rules and guideline depreciation rates until that company participates in a proceeding before this Commission either for: (1) revised water and/or wastewater rates and charges, or (2) a specific request for changes in depreciation rates (not necessarily advisable without matching revenues).

The utility has never appeared before this Commission in a rate proceeding. Because this docket is not a rate proceeding, staff believes it would not be appropriate to change the utility's depreciation rates at this time. The Commission has allowed other utilities to continue using depreciation rates that were established prior to the Commission's regulation or prior to a rate proceeding. This recommendation is consistent with Order No. PSC-95-0622-FOF-WS, issued May 22, 1995, in Docket No. 940850-WS, concerning the transfer of Colonies Water Company. Staff recommends that the utility should continue using the approved depreciation rates established by Charlotte County, which results in an accumulated depreciation balance of \$507,749 for wastewater. To achieve an accumulated depreciation balance of \$507,749, staff increased accumulated depreciation by \$62,362 to reflect the

entries not made in 1997 and 1998 by the utility. An adjustment of \$34,709 was made in relation to the unrecorded plant, as discussed above. These net adjustments result in a total accumulated depreciation balance of \$507,749 for wastewater as of August 8, 1998.

LAND

The utility's general ledger reports a land balance of \$225,000. The land was deeded over to Sandalhaven on December 31, 1998 from a related company. The utility's land value is based upon an appraisal performed on August 3, 1991. The appraisers used a comparable vacant land lot that is located in a significantly more expensive area to assess the value of the land. The land that was used in the comparison to establish the value was water-front property. However, the utility land lot is not water-front property. The appraisers assessed a value \$225,000 for the land.

Staff field auditors verified the utility's ownership of the land. However, staff was unable to determine from the Circuit Court records when the land was actually purchased by the related party. Pursuant to Commission Order No. 11180, issued November 4, 1982, in Docket No. 810333-SU, land is recorded on the books of the utility at market value. Florida is an original cost jurisdiction and Chapter 367, Florida Statutes requires that this Commission consider the cost of the utility assets at the time those asset are dedicated to public service.

Commission policy is that when land is transferred from an affiliate company, it should be valued at the cost to the related company. However, if the land is not placed into service until a later time, the land should be based on comparable sales when the land was first placed into service. Based upon the above information, the appraisal value of the land is \$225,000 for 1.58 acres, which maybe overstated, due to some of the dissimilar characteristics of the compared lots. However, the utility hired a unrelated company to do the appraisal, which would support that this was a arms lengths transaction. Because staff was unable to determine the original cost of the land and the disparity between the properties, staff recommends that the present appraisal be used in this case, but that the value of the land be revisited in a future rate proceeding.

CIAC

The utility did not record connection fees of \$1,250 that were received in 1995. According to the utility's 1995 cash receipt

summary, the utility collected connection fees totaling \$93,115. Staff verified the cash receipt summary amount to be correct. The 1995 CIAC schedule had a total recorded amount of \$91,865. Therefore, the CIAC account must be increased by \$1,250 and the related accumulated amortization by \$99 to reflect this collection.

Pursuant to Order No. 98-1142-FOF-SU, issued August 24, 1998, the utility was required to refund \$28,059 in gross-up collections for 1995. The utility refunded the monies as required, but the utility never booked the refund in it's general ledger. The utility did not record anything in it's books after December 1996. Therefore, CIAC should be decreased by \$28,059 and the related accumulated amortization by \$486 to reflect this adjustment. As discussed above the utility did not record contributed plant that amounted to \$212,456, which should have been recorded as CIAC in 1991 and 1995. Based on these adjustments, staff has determined that the CIAC balance is \$1,539,376, for the wastewater system as of August 31, 1998.

ACCUMULATED AMORTIZATION OF CIAC

The utility had not adjusted its books for 1996 through 1998 for accumulated amortization. Therefore, staff calculated the amortization expense using the utility's balances and rates previously established to accurately reflect the balances at August 31, 1998. The accumulated amortization should be adjusted by \$63,467 to record entries not made by the utility from 1996 to 1998.

As discussed above, in 1991 and 1995, the utility neglected to record plant assets totaling \$212,456 that was contributed property. To accurately reflect this contributed property, an adjustment of \$34,709 should be record in the accumulated amortization of CIAC accounts. Based upon these adjustments Accumulated Amortization of CIAC should be increased by \$98,176 to reflect a accumulated amortization of CIAC balance of \$471,504.

RATE BASE

Staff's calculation of rate base is shown on Schedule No. 1 for the system. Adjustments to rate base are itemized on Schedule No. 2. Based on the adjustments set forth herein, Staff recommends that rate base for Sandalhaven be established as \$30,378 for the wastewater system as of August 31, 1998. This rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal rate

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making adjustments of working capital calculations and used and useful adjustments.

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SCHEDULE NO. 1

SANDALHAVEN UTILITY, INC.
SCHEDULE OF WASTEWATER RATE BASE
As of August 31, 1998

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$1,168,544	\$212,456	\$1,381,000
Land	\$ 225,000		\$ 225,000
Accumulated Depreciation	(\$ 410,679)	(\$ 97,071)	(\$ 507,749)
Contributions-in- aid-of-Construction	\$1,353,729	(\$185,647)	(\$1,539,376)
Amortization of Accumulated CIAC	<u>\$ 373,328</u>	<u>\$ 98,176</u>	<u>\$ 471,504</u>
TOTAL	\$ 2,464 =====	\$ 27,914 =====	\$ 30,378 =====

SANDALHAVEN UTILITY, INC.
SCHEDULE OF WASTEWATER RATE BASE

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Utility Plant in Service	
1) To reflect unrecorded contributed plant	<u>\$212,456</u>
Accumulated Depreciation	
1) Adjustment related to contributed plant	(\$ 34,709)
2) Adjustment to reflect unrecorded entries	(\$ 62,362)
Total	<u>(\$ 97,071)</u>
CIAC	
1) Adjustment related to contributed plant	(\$212,456)
2) Adjustment to reflect refunded Gross-up collections	(\$ 28,059)
3) To reflect actual connections	(\$ 1,250)
Total	<u>(\$185,647)</u>
Accumulated Amortization of CIAC	
1) Adjustment related to contributed plant	\$ 34,709
2) To reflect unrecorded entries for 1996-98	\$ 63,467
Total	<u>\$98,176</u>

ISSUE 4: Should a positive acquisition adjustment be approved?

RECOMMENDATION: No, a positive acquisition adjustment should not be included in the calculation of rate base for transfer purposes. (JOHNSON)

STAFF ANALYSIS: An acquisition adjustment results when the purchase price differs from the rate base for transfer purposes. The acquisition adjustment resulting from the transfer of Sandalhaven would be calculated as follows:

Purchase Price:	\$500,000
Staff Calculated Rate Base:	<u>30,378</u>
Positive Acquisition Adjustment:	<u>\$469,622</u>

An acquisition adjustment was not requested by the applicant. In the absence of extraordinary circumstances, it has been Commission practice that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. Because there are no extraordinary circumstances regarding this purchase that would justify an acquisition adjustment to rate base and the Buyer stated in its application for transfer of the wastewater certificate that it was not seeking an acquisition adjustment, Staff recommends that a positive acquisition adjustment not be included in the calculation of rate base. Staff's recommendation is consistent with previous Commissions decisions in this regard. See, Order No. PSC-98-1231-FOF-WU, issued on September 21, 1998, in Docket No. 971670-WU; Order No. PSC-98-0514-FOF-SU, issued on April 15, 1998, in Docket No. 951008-SU; and Order No. PSC-98-0993-FOF-WS, issued on July 20, 1998, in Docket No. 971220-WS.

ISSUE 5: Should Utilities, Inc. of Sandalhaven adopt and use the rates and charges approved by this Commission for Sandalhaven Utility, Inc.?

RECOMMENDATION: Yes, Utilities, Inc. of Sandalhaven should continue charging the rates and charges approved for this utility system until authorized to change by this Commission in a subsequent proceeding. The tariff reflecting the change in ownership should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets. (JOHNSON)

STAFF ANALYSIS: The utility's current rates and charges for service were approved by the Commission in a grandfather application effective June 30, 1995 pursuant to Order No. PSC-95-0478-FOF-SU, in Docket No. 941341-SU. The utility's approved rates and charges are as follows:

Monthly Service Rates

Residential Service

Base Facility Charge

Meter Size:

All Meter Sizes \$ 12.00

Gallonage Charge

per 1,000 gallons \$ 2.59
(Maximum 8,000 gallons)

General Service

Base Facility Charge

Meter Size:

5/8" x 3/4" \$ 12.00

1" 30.00

1-1/2" 60.00

1-1/2" (Restaurant only - 15 ERC's) 180.00

2" 96.00

Gallonage Charge

per 1,000 gallons \$ 2.59

Multi-Residential Service

Base Facility Charge

Meter Size:

All Meter Sizes \$ 12.00 per living
unit whether
occupied or not

Gallonage Charge

per 1,000 gallons: \$ 2.59

(Maximum 8,000 gallons per living
unit excluding amenities)

Customer Deposits

Residential:	N/A
General Service:	Estimated charges for service for 2 billing periods

Miscellaneous Service Charges

Initial Connection	\$ 15.00
Normal Reconnection	15.00
Violation Reconnection	Actual Cost
Premises Visit (in lieu of disconnection)	10.00

Service Availability Charges

Plant Capacity Charge:

Residential - per ERC (190 GPD)	\$1,250.00
All others - per gallon	6.58

Customer Connection (Tap-in) Charge:

All Meter Sizes	Actual Cost
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Inspection Fee:

Actual Cost

Plan Review Charge:

Actual Cost

Guaranteed Revenue Charge:

With Prepayment of Service Availability Charges:

Residential - per ERC/month	N/A
All others - per gallon/month	N/A

Without Prepayment of Service Availability Charges:

Residential - per ERC/month	Applicable BFC per month
All others - per gallon/month	Applicable BFC per month

Rule 25-9.044(1), Florida Administrative Code, provides that:

[i]n case of change of ownership or control of a utility which places the operation under a different or new utility, . . . the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission).

Utilities, Inc. Of Sandalhaven, has not requested a change in the rates and charges of the utility. Accordingly, Staff recommends that the utility continue operations under the existing tariff and apply the approved rates and charges until authorized to change by this Commission in a subsequent proceeding. The utility has filed a tariff reflecting the transfer of ownership. Staff will approve the tariff filing effective for services provided or connections made on or after the stamped approval date.

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ISSUE 6: Should this docket be closed?

RECOMMENDATION: No, upon expiration of the protest period, this docket should remain open for an additional 60 days to allow staff to verify that Utilities, Inc. Of Sandalhaven has submitted a recorded deed. Once the recorded deed has been submitted, this docket should be closed administratively. (MCRAE)

STAFF ANALYSIS: If there are no timely protests filed by a substantially affected person to the proposed agency action issues (Issues Nos. 3, and 4), this docket should remain open for an additional 60 days to allow staff to verify that Utilities, Inc. Of Sandalhaven has submitted a recorded deed. Once the recorded deed has been submitted, this docket should be closed administratively.